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INDIVIDUAL INITIATIVE: AN ASIAN EXAMPLE

By E. STUART KIRBY

Economic progress, in previous historical periods, was something that happened instinctively or spontaneously: it was unplanned. There was general agreement on the advisability of minimising the scope of government and of institutions; the main stress was on the subjective side, of arousing and giving full scope to the instincts of initiative and enterprise. This was deemed to be the condition for a "climate" conducive to progress. Governments were likely to be blamed for interfering too much, rather than for doing too little.

The present generation has seen a complete reversal of outlook. The stress is now on the objective conditions of development. Nowadays all the calculations are to provide an extensive social mechanism, planfully integrated and designed in advance to meet all the tasks that may arise. Organisation appears now to have displaced initiative or enterprise, and removed a great deal of the personal element in industry and commerce. Some say Individualism is dead. It is at least greatly modified. Even in such a country as the United States, which was once so proud to be its chief homeland, it has ceded to the spread of governmentism, and Government is more likely to be blamed for doing too little than too much.

This question is of particular importance to thoughtful people in Asia today, because in that area the various countries are now aspiring to modernisation and industrialisation, but entering these processes in the modern phase: eastern peoples either have little experience of full private enterprise, or propose now to bypass it, proceeding on the more recent State-centred pattern.

It is broadly true to say that modern technology favours the large-scale organisation; the conclusion is sweepingly drawn that the old-fashioned individualism is accordingly displaced. The socialistic and nationalistic currents, so important in contemporary thought, have seized strongly on these generalisations, and the new States they have established are patterned accordingly. The view needs to be examined that what has happened is only a technological "swing of the pendulum"; that the qualities for which the older individualism stood are

not irrelevant; that they must eventually reassert themselves and find some place in the new system, though necessarily under different conditions and in a different form. There is also a need for a careful and unprejudiced re-examination of the economic history of Asian societies, to see whether such "individualism" has existed there, and whether it is an element, actual or potential, in their problem.

These two topics are important, because certain political doctrines are especially concerned to deny them, and to falsify the records on this question. Specifically, the Marxist and pro-Russian currents are intent on convincing everyone that the individualist values are anachronisms characteristic of the evil capitalism of the West, from which eastern peoples have nothing to gain; and that Orientals who displayed them in the past were hirelings of Imperialism, who dis-served their own peoples.

* * *

The truth, as usual, is more complicated than the propaganda admits. It is not intended, in these lines, to embark on further theorising on the theme, but merely to present an interesting example, which deserves to be more widely known, and points some very interesting lessons for a generation eagerly concerned with the prospects of economic development. The example is the history of the great family concern known as the House of Tata, which has perhaps a unique place in the annals of industrial history, and played an amazing part in the economic growth of India.

Jamshedji Nusserwanji Tata was born in 1839, and graduated from a Bombay College in 1858, just at the time that India came under the British Crown (having previously been administered by the East India Company). The family was an old and respected one in the Parsi priesthood and merchant class; J. N. Tata's upbringing was supposedly in a conservative environment. He was article to a solicitor, but presently joined his father's trading firm, which was a general merchandising business. The firm had branches in Hongkong and

Shanghai; the young Tata immediately displayed a keen interest in the prospects of trade with China, which was then rapidly developing, and went out to these branches of the firm.

The American Civil War in the 1860's caused a great boom in Indian cotton; the Tatas, father and son, joined heavily in this. They participated in the Asiatic Banking Corporation. J.N. Tata went to London to open a branch of this concern. When the boom broke, the concern was faced with extreme difficulties. That something was saved from the wreck, was due to the personality of J.N. Tata. The creditors were much impressed by his honesty and ability, and with the recommendation of London bankers he was appointed by the shareholders' meeting to be paid liquidator of his own firm, the Asiatic Banking Corporation, London. He was then less than thirty years of age.

From that time, it may be said, date certain principles which have been fundamental in the Tata history ever since; these must have been learned initially in the experience related above. Tatas have never since gone in for purely speculative activities, in the sense of prospects of gain which are dependent on chance events, political circumstances, or extraneous factors. Their investments have been carefully spread and balanced, any reliance on credit being carefully related to material backing in the form of real assets; and they never again placed "all their eggs in one basket."

The family fortunes were recouped in the first instance, by participation in a government contract for the supply of the British military expedition to Abyssinia in 1868. It is believed that other opportunities, more lucrative but more speculative, were turned down in favour of this investment. In any case it is interesting to note the use to which Tata put the proceeds. He went to England for three years of further studies and activities. At this time he formed his scheme for the development of the textile industry in India. This industry was in a very primitive state, and it required great foresight to envisage the major development Tata had in mind. There were less than twenty textile mills in existence, exceedingly primitive in equipment; but one of Tata's chief grounds of objection to them was that the workers' conditions were appalling.

He bought an oil mill in Bombay and converted it to spinning and weaving. This was used as a "pilot plant" for experiment, improved and sold at a profit two years later. Tata went to Lancashire for a further two years' study; there, he gained to his own satisfaction the answers to a great many technical and organisational questions, and returned convinced of the possibility of developing a good textile industry in India. The existing industry was inefficient. It was centred entirely in Bombay. Tata went to Nagpur in Central India, on the border of the main cotton-growing district. His Central India Spinning & Weaving Co., with a capital of £115,000, floated in 1874, opened its "Empress Mills" at the beginning of 1877. These mills were not only technically good, being the first to be completely equipped with air-conditioning devices, ring spindles and automatic sprinklers; they were also models, at this early date, of workers' welfare in the forms of bonus schemes, provident funds, and residential amenities for employees of all grades.

The Tata fortune was thus founded in Nagpur, which became a great centre. Far from being satisfied with this, Tata used his wealth—apart from princely donations for good works, and lavish hospitality—constantly to travel, seek out new things, and ask all the questions which his inquisitive and energetic spirit prompted. He evolved strikingly high ideals of social service and workers' welfare; but they were part of a broadly patriotic vision. The motive of personal profit was not his only one; often it was subordinate to his vision of making India a great industrial power.

From a very wide study of the West, Sir Jamshedji Tata (as he now was) formulated the requirements of a great industrial nation, in a manner which showed almost prophetic foresight at that date:

First, "no country can become industrially great which does not manufacture iron and steel." It may be commented that this proposition is now generally accepted in the case of large countries, of the scale of India, though basic industries may be relatively uneconomic in smaller national units.

Second, "no sustained economic growth is possible without the aid of science and technical education." This conclusion, reached long before the end of the nineteenth century, well before those technological-scientific advances of the twentieth century which have been aptly called "the Second Industrial Revolution," was markedly in advance of his own times. It still sounds a warning, even today, to those enthusiasts for development who neglect the importance of highly skilled training, of laboratory work and heavy long-period investment in research, and of the fullest international collaboration and contact in these spheres. Tata had all these aspects well in mind.

The third and last of his basic tenets was an ambition to enhance the prosperity of his own city of Bombay, of which he was very proud. In this connection, he was abreast or ahead of his times in

another respect, foreseeing the advantages and possibilities of electrification; cheap electric power would free Bombay industries from their primary handicap, the remoteness of the coalfields in Bihar and Bengal.

From these principles flowed the Tatas' vast contribution to the progress of India, which was fully under way by the time the founder died in 1904. The concern really took its present form in 1887, when it was established as a private partnership of Sir Jamshedji, his elder son Sir Dorabji (1859-1932), his younger son Sir Ratanji (1871-1918), and a relative, R. D. Tata. Textile manufacture was still the central interest of this parent firm; after the Empress Mills, it established the Swadeshi Mills in 1886, making a higher quality of cloth; it acquired mills in Ahmedabad in 1903, and established the Tata Mills in 1913. Its cotton activities now total about 300,000 spindles, 7,500 looms, 40,000 workers, and capital £7 millions.

But this was only the nucleus of an extensive and many-sided development—which, it must be stressed, had always the national progress and popular welfare among its first considerations. Land reclamations were made in Bombay. Pioneer work was done in fisheries, and in one of the earliest large-scale schemes for refrigeration plant. A shipping line was established, running to the Far East; but this venture was a failure. Tata developed the silk industry in Mysore, which later became famous. Characteristic perhaps was the building of the Taj Mahal Hotel in Bombay (cost over a quarter of a million pounds); at the time, it was laughed at as a "white elephant," but the Tatas foresaw its future as a world-famous landmark at the "Gateway of India." Equally characteristic, however, was the establishment of the Indian Institute of Scientific Research at Bangalore, dedicated by Sir Dorabji in 1905, subsequently one of the world's highest-ranking scientific institutions. His brother's name is commemorated, *inter alia*, by his foundations in the University of London: the Ratan Tata Department of Social Science at the London School of Economics, and the Ratan Tata Fund.

The details about the great steelworks at Jamshedpur are better known abroad. Its foundation was preceded by no less than 25 years of prospecting and investigations. The best site, in conjunction with ore-beds, water supply, coal, and markets, having been found, finance was the next problem. Fresh capital had to be raised. The Tatas tried the London market, but found little support there. Just at that time—the first years of this century—the great Swadeshi patriotic movement (self-reliance, home production, boycott of foreign goods) had been powerfully launched in India. It was decided to appeal to the Indian public, in the spirit of that movement. The result was remarkable. Eye-witnesses report that the Tata offices in Bombay were besieged day and night by crowds of Indians of every sort and condition, many of them offering tiny sums. In three weeks, the required capital of £1,600,000 was thus raised. The list of shareholders (all

Indians) finally showed some 8,000 names.

The Tata Iron and Steel Company (TISCO) was established in 1907; it was another seven years before the commercial production of steel began. But the first world war immediately followed, and TISCO took a great leap into prosperity. Between the wars, it became the largest steelworks in the British Commonwealth, or anywhere outside the U.S.A. and U.S.S.R. In the second World War, it made some of the armour-plate and special steels. Now, of course, every possible type of peacetime steel goods is made. Chemical and engineering plants are associated in the same complex. Particular mention should be made of the Jamshedpur Technical Institute, whose graduates have provided two-thirds of the personnel for the top jobs in the plant; the foreign specialists and managers, on whom the undertaking formerly depended, are now practically entirely replaced by Indians.

The objective of supplying electric power to Bombay was implemented from 1910. In this case also, the promoters failed to raise capital in the City of London, and had to find it in India. Generation began in 1915. An interesting feature is that once the pioneer stage was over, Tatas decided that this was a field for a more specialised operating agency, and entered into a partnership with the American and Foreign Power Company, Inc., for joint operation, somewhat apart from the other Tata holdings. New projects were implemented in 1932 and 1937, completing the modern electrification of the Bombay-Poona region. In the present Colombo Plan, hydro-electric developments are a basic feature of India's programme, and their conceptions owe much to Tata precedents.

The list of subsidiary activities would take long to enumerate in detail. The Tatas were also pioneers of the cement industry in India, with a company (capital £2,000,000) floated in 1912, establishing a plant in Kathiawar; another centre was created at Hyderabad in 1925. Thereafter, other companies entered this industry in India, with a company which succeeded in integrating the industry, with a capital of £3½ millions. At the same time, they were developing the production and processing of vegetable oils. The original plan was mainly for export of crude oils, and the activities were centred in Southern India. This scheme was frustrated (notably by American action in imposing tariffs to protect Philippine production). Tatas adjusted their plans accordingly; they installed modern processing plant, and concentrated on their home market (for cooking oils, soaps, etc.) which has since tremendously developed.

By 1939, they were wishing to begin the production of heavy chemicals. Their company floated in that year was unable to obtain its equipment, as the war began soon after; but this is a major field of postwar development. A postwar feature was an agreement with Imperial Chemical Industries, by which that vast concern helped Tatas to establish a dyestuffs industry in India, which will eventually be an all-Indian affair.

THE CONFLICT IN KOREA

BACKGROUND INFORMATION AND OUTLOOK FOR PEACE IN KOREA

The United Nations Commission on Korea has compiled a comprehensive report on the political and economic situation in Korea and the origin of the present struggle in that country. Following are extracts of the "Report of the United Nations Commission on Korea" which covered the period December 15, 1949 to September 4, 1950. The war which is now fought with ever rising ferocity has after the military intervention of Communist China entered into an entirely new stage, and the current hostilities are now regarded as only an overture to the world-wide struggle between the 'two worlds.'

* * *

Conclusions of the U.N. Commission on Korea

Responsibility for the aggression:—

The invasion of the territory of the Republic of Korea by the armed forces of the North Korean authorities, which began on 25 June 1950, was an act of aggression initiated without warning and without provocation, in execution of a carefully prepared plan.

This plan of aggression, it is now clear, was an essential part of the policy of the North Korean authorities, the object of which was to secure control over the whole of Korea. If control could not be gained by peaceful means, it would be achieved by overthrowing the Republic of Korea, either by undermining it from within or, should that prove ineffective, by resorting to direct aggression. As the methods used for undermining the Republic from within proved unsuccessful, the North Korean authorities launched an invasion of the territory of the Republic of Korea.

Origin and nature of the conflict:—

The origin of the conflict is to be found in the artificial division of Korea and in the failure, in 1945, of the occupying Powers to reach agreement on the method

to be used for giving independence to Korea. This failure was not due to anything inherent in the attitude of the people of Korea themselves, but was a reflection of those wider and more fundamental differences of outlook and policy which have become so marked a feature of the international scene.

This artificial division was consolidated by the exclusion from North Korea of the United Nations Temporary Commission, which had been charged by the General Assembly to observe the holding of elections on a democratic basis in the whole of Korea. In the circumstances, it was decided to hold such elections in South Korea alone.

Had internationally-supervised elections been allowed to take place in the whole of Korea, and had a unified and independent Korea thereby come into existence, the present conflict could never have arisen.

Prospects of unification:— The Korean people, one in race, language and culture, fervently desire to live in a unified and independent Korea. Unification can be the only aim regarding Korea. It did, however, appear to the Commission, before the aggression took place, that unification through negotiation was unlikely to be achieved if such negotiation involved the holding of internationally-supervised elections on a democratic basis in the whole of Korea. Experience suggested that the North Korean authorities would never agree to such elections.

It was hoped that, at some stage, it might be possible to break down the economic and social barriers between the two political entities as a step toward unification. That too proved illusory, as the North Korean authorities persisted in their policy of aiming at the overthrow of the Republic of Korea.

After the consolidation of the division of Korea, propaganda and hostile activities on the part of the North Korean authorities accentuated tension which, in turn, stiffened the attitude of the Government and people of the Republic of Korea, and even further prejudiced such possibility of unification by negotiation as might have remained. Notwithstanding the continued efforts of the Commission, it appeared on the eve of the aggression that the Korean peninsula would remain divided indefinitely, or at least until international tension had slackened.

Development of representative government in the Republic of Korea:—

The necessity to safeguard the stability and security of the Republic of Korea from the threat from the North gradually became a controlling factor in all the major activities of the administration of the Republic, and absorbed energies and resources which were needed to develop the new form of representative government and to carry out the economic and social reconstruction programme.

The first two years of the new National Assembly reflected clearly the difficulties which it would be normal to

expect in a body dealing with a new and unfamiliar political structure. It had become clear, long before the act of aggression occurred, that the Legislature was making good progress in its efforts to exert parliamentary control over all departments of government, and would not rest content until its relations with the Executive had been satisfactorily adjusted. The growing civic responsibility shown by the Legislature augured well for the future of representative government in Korea.

At the elections of 30 May 1950, the people showed very considerable enthusiasm, and the electoral machinery functioned well. Among the cases of interference with candidates which occurred, some were explainable in the light of the stringent precautions which the Government found it necessary to take in order to safeguard the stability and security of the State against the threat from the North. Although there appeared to be little justification for interference in some other cases, the results of the elections, in which many candidates critical of the Administration were returned, showed that the voters were in fact able to exercise their democratic freedom of choice among candidates, and had cast their votes accordingly. The results also showed popular support of the Republic, and a determination to improve the Administration by constitutional means.

The division of Korea added to the economic difficulties that had arisen at the end of the Japanese domination, and made it most difficult for the Republic of Korea to become self-supporting. Funds which might have been expended for the social and economic programme of the Republic were consumed by heavy defence expenditures. Nevertheless, when the aggression occurred, substantial progress was being made with that programme.

Korean needs and aspirations:— Serious problems of reconstruction and rehabilitation, particularly the grave refugee problem, already confront the country. To these problems will be added problems of yet greater magnitude when the military conflict comes to an end. It will be quite beyond the capacity of the country to provide from its own resources means for rehabilitation. A healthy and viable democracy in Korea cannot come into being unless very considerable aid and assistance are provided from outside Korea.

Finally, as the division of the country and the resulting antagonisms were artificial, the Commission believes that, when the conditions under which they arose disappear, it will be possible for the Korean people of both North and South to come again together, to live in peace and to build the strong foundation of a free, democratic Korea.

This report was made on Sept. 4, 1950 and signed by the following U.N. officials: Anup Singh (Chairman) (India), A. B. Jamieson (Australia), Liu Yu-Wan (China), Angel Gochez Marin (El Salvador), Henri Brionval (France), Bernabe Africa (The Philippines), Kamil Idil (Turkey), Bertil A. Renborg (Principal Secretary).

The Tata airlines began in the 1930's; in this field the war also intervened, the concern's facilities being requisitioned by government. But after the war this undertaking developed into India's modern national and international air services.

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How much of all this was foreseeable in India a hundred years ago, when J. N. Tata as a schoolboy was forming his ideas? Or even seventy years ago, when he began to succeed as an industrialist? Yet he did foresee a great deal of it. The next hundred or eighty years may see comparable progress in Asian countries. But only, perhaps in those which give scope for personality and initiative; which do not consider that the individual has no right to exist except in and through the State.

The Origin and Nature of the Struggle in Korea

By the end of 1945 an international agreement had come into existence concerning the objective of immediate independence for Korea, making provision for the procedure to be followed in attaining that objective. The first step toward this agreement had been taken in December 1943 at the Cairo Conference between the Governments of the United States of America, the United Kingdom and China, when the following declaration was issued:

"The aforesaid three Great Powers, mindful of the enslavement of the people of Korea, are determined that in due course Korea shall become free and independent."

This declaration regarding Korean independence was reaffirmed by the Governments of the United States, the United Kingdom and China in the Potsdam declaration of 26 July 1945, which set out the terms for Japan's surrender as follows:

"The terms of the Cairo declaration shall be carried out and Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine."

In its declaration of war against Japan on 8 August 1945, the Soviet Government expressed its adherence to the Potsdam declaration, stating that:

"True to its duty to the Allies, the Soviet Government has accepted the proposals and has associated itself with the Allied declaration of 26 July."

After receipt of the Japanese offer of surrender, with the nearest United States troops at Okinawa and with Soviet Union troops already in Korea, the United States Government, in providing for the surrender of Japanese troops, proposed that Soviet Union troops should accept the surrender of Japanese troops in Korea north of the 38th parallel and that Japanese troops in Korea south of that line should surrender to United States forces. This proposal was accepted, and the 38th parallel became the line of demarcation of the zones of military occupation of the United States of America and the Union of Soviet Socialist Republics.

Finally, at the meeting of the Council of Foreign Ministers at Moscow in December 1945, a more detailed agreement was arrived at between the Governments of the United States, the Soviet Union and the United Kingdom, to which the Chinese Government subsequently adhered.

However, the United States-USSR Joint Commission on Korea, which was established in conformity with the Moscow declaration, soon reached a deadlock on the procedure to be followed in consulting with "Korean democratic parties and social organizations", as provided for by paragraph 2 of the Moscow Declaration. The reasons for disagreement were described in the following terms by United States Assistant Secretary of State Hildring.

".....the United States assumed the position that representatives of all political parties should be consulted. The Soviets contended that all Koreans who had opposed in any way the terms of the

Moscow agreement should be excluded. In as much as most of the vocal sections of the Korean population, with the exception of members of the Communist Party, had been active in expressing disagreement with one aspect or another of the agreement, the Soviet criterion would have effectively limited the Commission to consultation with one minority group."

The Soviet explanation, as described by the United Nations Temporary Commission on Korea, claimed that the United States delegation to the Joint Commission had proposed the inclusion for consultation of "seventeen political parties and social groups of Southern Korea which opposed the Moscow agreement and only three democratic parties which supported the agreement", and further claimed that certain important democratic parties and social organizations had been debarred for purposes of consultation by the United States proposals.

There can be no doubt that this disagreement constitutes the root of the present conflict. Behind this disagreement lay differences in outlook and policy. These differences did not spring from local causes, or from anything inherent in the Korean situation itself. They were a manifestation of those wider differences which have become so marked a feature of the international scene.

It can now be inferred, in the light of all that has happened in Korea since the initial disagreement, that the United States policy had no other objective than the creation of an independent and democratic Korea, democratic in the commonly accepted sense. However, it may also be inferred that, had the policy of the United States prevailed, it would hardly have resulted in the retention by popular vote of the Kim Il Sung regime in North Korea, the regime established by the Soviet military command after the liberation, which is still ruling in the North of Korea and which carries the responsibility for the aggression.

Failure to agree upon a procedure for implementation of the Moscow declaration caused the United States of America on 17 September 1947 to bring the matter before the second session of the General Assembly of the United Nations.

During the debate in the General Assembly, the delegation of the Soviet Union objected to the consideration of the question by the General Assembly. When, however, the General Assembly decided to include the item in its agenda, the delegation of the Soviet Union submitted to the First Committee two proposals. The first proposal suggested that the First Committee should invite elected representatives of the Korean people from North and South Korea to take part in the discussion of the question. The second proposal recommended to the occupying Powers in Korea the simultaneous withdrawal of their troops from southern and northern Korea in the beginning of 1948 "thereby leaving to the Korean people itself the establishment of a national government of Korea."

The proposals of the USSR delegation revived in a different form the disagreement regarding the method of electing democratic representatives which had

made it impossible for the Joint Commission to arrive at a solution. In the view of the United States representative, the problem for the Soviet Union was one of how to obtain, amenable to themselves, representatives of the indigenous population who would either be military appointees or persons appointed in accordance with external pressure in mock elections; whereas the problem for the United States of America was one of ensuring that the Korean representatives were, in fact, freely elected by the Korean people, on ballot.

The General Assembly, taking the view that the USSR proposals did not offer the same opportunity as that provided by the United States proposals for the people of Korea to express their preferences freely and to establish their own form of government, adopted proposals submitted by the United States of America for securing representatives. The General Assembly resolved that elected representatives of the Korean people should be invited to take part in the consideration of the Korean question, which, it was recognized, was primarily a matter for the Korean people itself and concerned its freedom and independence. In order to observe that the Korean representatives were in fact duly elected by the Korean people, and not mere appointees by military authorities in Korea, the General Assembly also resolved to establish a United Nations Temporary Commission "to be present in Korea, with right to travel, observe and consult throughout Korea." Further, the General Assembly recommended that elections should be held not later than 31 March 1948 to choose representatives with whom the Commission might consult regarding prompt attainment of the freedom and independence of the Korean people; that the representatives, constituting a national assembly might establish a national government of Korea; that the number of representatives should be proportionate to the population; and that the elections should be on the basis of adult suffrage by secret ballot, and under the observation of the Commission.

When the USSR proposals referred to in earlier paragraph of this report, were defeated in the First Committee, the representative of the Soviet Union stated that if a United Nations Temporary Commission on Korea were to be set up after the General Assembly had considered the question without the participation in that body's discussion of representatives of the Korean people, the Soviet Union would not be able to take part in the work of the Commission.

In 1945 the Korean people were not divided into two hostile camps, nor were there inherent in the Korean people qualities that might be expected of themselves to create two hostile camps. The division of the country is, in the opinion of the Commission, artificial and unnatural, running counter to the fervent desire of the whole Korean people for unification. A frontier was set up for reasons of military expediency and maintained as the result of external pressure. Its existence is responsible for the creation of two separate and antagonistic poli-

tical entities, each imbued with a desire for unification, but each insisting on its own methods for achieving that goal.

The division was consolidated by the exclusion from North Korea of the United Nations Temporary Commission on Korea, which had been charged by the General Assembly to observe the holding of elections on a democratic basis in the whole of Korea.

The people of Korea have consistently favoured the earliest possible attainment of Korean unity and independence. Forty years under Japanese domination developed a spirit of patriotism in the Korean people, and a determination to regain their freedom and independence. Thirty-three Korean leaders, who in 1919 voiced the ideal of national self-determination in a "Proclamation of Korean Independence," touched on mass demonstrations which were suppressed with great violence. These men became national heroes. However remote this goal may have appeared, the earliest possible attainment of independence remained the one common goal dear to the hearts and minds of the Korean people.

The occupying forces of the USSR in August, and of the United States in September 1945, were consequently greeted as deliverers bringing independence. To the people of Korea, the Cairo declaration had meant that victory by the Allied Powers would bring immediate independence and an opportunity to establish their own national government. When it became apparent that the occupying Powers had not agreed on any detailed programme to implement the promise of the Cairo declaration, disillusion spread.

It was therefore not surprising that there was intense and general opposition to the clause in the Moscow declaration proposing a "trusteeship" for Korea. The Korean people interpreted the proposal to mean a protectorate and the renewal in another form of the bondage from which they had just been delivered.

It was, on the contrary, surprising when, in December 1945, the South Korean Labour (Communist) Party and affiliated organizations suddenly changed their position and gave unqualified support to the Moscow declaration. All other parties and organizations remained strongly against trusteeship in any form, and maintained their opposition to the implementation of the Moscow declaration. These opposite views on the question of trusteeship contributed very largely to the failure of the Joint Commission in 1946 and 1947. The Soviet Union would not agree to consultation with political parties and social organizations expressing active hostility to trusteeship. The United States, on the other hand, believed that to deny consultation to such parties and organizations would be to deny freedom of speech and opinion.

The exclusion from North Korea of the Temporary Commission and its inability to go forward with the supervision of general elections in accordance with the resolution 112 (II) of the General Assembly made the proposal for holding elections in South Korea alone a serious issue, and provoked a storm of bitter controversy. A constant stream of criticism at the idea of holding such election came from North Korea. It would ap-

pear that behind the refusal of the North Korean authorities to accept internationally-supervised elections lay a fear that, by doing so, they would promote the realization of a free democracy in Korea. It would also appear that behind their criticism of such elections in South Korea alone lay their intention to obstruct in every way possible the realization of such a democracy in a part of Korea. Given that elections for all Korea were impracticable, some of the more important political groups of the South, notably the Hankook Democratic Party and the National Association for the Rapid Realization of Korean Independence, were strongly in favour of holding elections in South Korea alone. They were confident that this would lead to the establishment of a national government, which in time, given the support of the United Nations and world opinion, would lead to the unification of Korea. Groups under the leadership of Kim Koo and Kim Kuisie, as well as the leftists, did not, however, share this view, as they considered that such an election would perpetuate the division of Korea rather than lead to eventual unification.

When the question was laid before the Interim Committee of the General Assembly, the view was taken that elections in South Korea alone should be held. It was expected that the representatives constituting the National Assembly would consult with the United Nations Temporary Commission on Korea, and would carry on such negotiations as they might wish with any other Korean group which might not have participated in the elections, regarding the form of government to be established. The Interim Committee thus entertained the hope that, by going forward with separate elections and the establishment of a sovereign government in South Korea, the full cooperation of all Koreans would ultimately be secured. The Interim Committee also hoped that all peaceful methods of persuasion would be used to the greatest possible extent for the attainment of Korean unity.

Elections were accordingly held in South Korea on 10 May 1948. They were regarded by all who participated as a step towards the independence of Korea; all candidates were in favour of this method of securing the unity and independence of Korea. For this reason no fundamentally conflicting views were placed before the electorate. Opposition to this thesis took the form of a complete boycott of the elections, and the opposition parties, in effect, now withdrew from public life in South Korea. Two years later, however, the division between South and North Korea had so hardened that all but the extreme leftists who were in any case outlawed, resumed an active political role in the Republic of Korea by participating in the elections of 30 May 1950.

On 12 June 1948 the National Assembly adopted a resolution, addressed to their compatriots in the North, in which they expressed their hope that general elections similar to those already held in South Korea would soon be held in North Korea in a free atmosphere, in accordance with the resolution of the United Nations General Assembly; and that true representatives of the people would be

elected and sent to sit in the National Assembly, where 100 seats had been left vacant for them.

After the Government of the Republic of Korea had shouldered the burden of administration, however, it made no serious endeavour to negotiate the holding of elections in North Korea. The organization of the new Republic demanded all its attention. The Government's attitude gradually hardened towards those who still desired to enter into negotiation with their fellow countrymen across the parallel. The futility of attempting to negotiate with the authorities in North Korea had, in the Government's opinion, been conclusively demonstrated by past experience. After recognition of the Republic of Korea by the General Assembly on 12 December 1948, the Government came gradually to the view that unification was possible only through the abolition of the North Korean regime and the disbanding of its security forces, forces, which would permit the Government of the Republic to extend its jurisdiction over the whole of Korea. It considered that the North Korean regime had been imposed on the people, who would readily join hands with the Republic once that regime had been abolished.

In its report to the fourth session of the General Assembly in September 1949, the Commission recognized the passionate longing of all Koreans for unity and independence and their profound desire for peaceful unification. It stated, however, that the division of Korea and the gradual consolidation of rival political regimes had caused bitterness, frustration and mutual distrust, and had increasingly prejudiced the problem of Korean independence and unification. The Commission was therefore of opinion that "The embittered propaganda and hostile activities which now mark the relations between the two parts of Korea render the prospect of unification more and more remote."

Propaganda and hostile activities on the part of North Korea increased rather than diminished during the first six months of 1950. In fact, on the eve of aggression there was no sign that the day of unification by peaceful means was any nearer.

Economic and Political Factors Affecting the Development of Representative Government in the Republic of Korea

The inheritance:— Basic to any discussion of the present problems of the Republic of Korea and the development there of representative government is the unhappy legacy to which the South Koreans fell heir upon the defeat of Japan. The feudal Korea of 1900 had, by 1945, acquired under Japanese rule a machinery of government, a system of communications and electric power, and an industrial and commercial machine. Nevertheless, Korea had been developed as a part of the Japanese economy and not as a self-sustaining unit. The Korean economy, geared to and complementary to Japan's, was entirely disrupted by the defeat of Japan. During the years of the Second World War, moreover, industrial plants had seriously deteriorated

and agricultural output had been sharply reduced. Added to these handicaps was the fact that the Japanese had pursued a policy of deliberately excluding Koreans from governmental, engineering, technical and managerial positions in order to retain control of all key functions.

Within a few months after the liberation of Korea in September 1945, the Japanese population was completely repatriated. The unavoidable result was a dearth of qualified Korean personnel to fill governmental, technical and even workshop positions. In addition, it was necessary to develop a completely new educational system to replace that formerly controlled by Japan.

The division of Korea at the 38th parallel had possibly even more disastrous effect on the Korean economy than the long Japanese domination and the consequence of Japanese defeat. Resources are not evenly distributed throughout the peninsula, and the economies of the northern and southern portions are complementary one to the other. Although both in the South and the North some 70 per cent of the population are dependent for their livelihood on agricultural pursuits, and produce almost equivalent per capita amounts, South Korea traditionally exchanged its surplus rice and barley for North Korean beans, millet, corn, wheat and fish. The South, lacking certain basic mineral resources, concentrated on lighter consumer goods and processing industries for which the raw material and the motive electric power came from the North. North Korea has valuable minerals, especially coal, and excellent hydro-electric plants and most of Korea's heavy industry. Since 1945 political disagreements have precluded economic relations between these naturally complementary economies. In April 1949 the Republic finally closed the border to all official trade on the ground that it was being used for subversive purposes.

A further burden on the Republic of Korea was an influx of more than two million refugees from Japan, China and Manchuria, as well as from North Korea, which, together with a high rate of natural population growth, increased South Korea's population by 25 per cent in the period from 1945 to the present, or from about 16 to over 20 million.

These are the underlying factors that have given form to South Korea's present problems. South Korea falls tragically short of being self-supporting, even at the present modest standard of living. Without a healthy economy there can be no hope of a healthy independent State. The diversity of Korean economic development makes the uniting of the country of utmost importance to the rational recovery of Korean agriculture and industry and the ultimate attainment of a satisfactory living standard for the Korean people.

Main economic problems before the Government in 1950

The very survival of the Republic depended on strenuous effort to create a healthy economy to nourish the young State. Early recognition by the United States Economic Co-operation Administra-

tion of the critical importance to the future of the Republic of creating a viable economy led to thorough study and the development of a comprehensive practical plan for rehabilitating and expanding Korean industry. The initiation of a creative programme of capital development to replace the sustaining relief work of the United States Military Government (1945-1948) was made possible by the negotiation of an Agreement on Aid between the Republic of Korea and the United States (ratified on 13 December 1948). It was hoped that a three-year \$310 million programme would by 1952-1953 have reduced the need of the Republic of Korea for outside assistance to manageable proportions.

An approach to the goal of South Korean economic independence necessitates capital development in the three basic fields of coal, electric power and fertilizer. These three fields are mutually interdependent. South Korea's greatest import need is fertilizer, formerly manufactured in the North and vital to the food supply. But it is impracticable to undertake the construction of fertilizer plants until adequate electric power is available. Increased electric power is, in turn, dependent chiefly on increased coal production. Other important complementary objectives include extensive work on the Korean tungsten mines, rehabilitation of the fishing industry, railroad and communications systems and the construction of a large cement plant.

The record of 1950 prior to the aggression showed substantial achievement and improvement. The index of industrial activity rose almost 40 per cent in 1948, a further 25 per cent in 1949 and continued to rise in 1950. Although electric power production remained almost the same in the 1948-1950 period, coal output had increased steadily year by year and the growing output of many consumer goods was encouraging.

However, the condition of the South Korean economy even before aggression from the North was not a healthy one, nor was there promise of easy or rapid improvement. The effects of the division of the country, the lack of technicians, and the loss to South Korea of its natural supplies of power, coal and fertilizer were everywhere evident. The unsatisfactory over-all condition of South Korean industry may be judged by the fact that in spite of the industrial activity increases between 1948 and 1950, the over-all production, estimated in 1947 to average not more than 20 per cent of capacity, had not yet reached 50 per cent of capacity.

Encouraging progress in 1949 and 1950 was made possible in the field of agricultural production by the importation of ample supplies of fertilizer. The production of rice and other grains almost equalled pre-war totals in 1949 and, prior to the aggression, it was estimated that the 1950 crop would reach an all-time high. This important success permitted a planned export of 100,000 metric tons of rice to Japan to pay for necessary imports. The results of this accomplishment, however, must not be over-estimated in view of the population increase in South Korea from about 14 million in 1937 to 20 million today.

During 1949 the financial situation of the Republic steadily deteriorated in spite of increasing industrial and agricultural production. Inflationary pressures, resulting chiefly from heavy supplemental police and army expenditures, were intensified by a very large 1949 budgetary deficit and poor tax collections. The amount of currency in circulation increased from 38 billion won in March 1949 to 74 billion in January 1950. The index numbers of wholesale prices almost doubled between January 1949 and January 1950. Frightening and disturbing to the average citizen was the steady rise in the price of the basic food staple, rice, the price of which had almost doubled between December 1948 and December 1949, and continued to rise.

In recognition of these difficulties an economic stabilization programme was developed and applied with considerable success during the first half of 1950. Defence appropriations were sharply reduced. Government revenues were increased by tripling of taxes, improved collection of taxes and application of higher utility rates. Subsidies were decreased and credit policies tightened.

Renewed efforts were made to enforce a 1949 law restricting so-called "voluntary contributions". These in fact are extractions on the part of such groups as the police, the army, and local youth and school associations. Such taxes sometimes appeared necessary to supplement inadequate police or school budgets, but arbitrary assessment and lack of accountability led to grave abuses and a serious threat to the whole tax structure. Surveys in 1949 estimated that the collection of "voluntary contributions" exceeded the total of legitimate taxes collected.

Stringent application of orthodox financial practices resulted in the adoption in late March of a balanced 1950-1951 budget. The index number of wholesale prices levelled off in the early months of 1950. Currency in circulation declined from 73 billion won in early January to 55 billion in June. The Government failed, however, to control the price of rice, which by June 1950 had increased almost 300 per cent since December 1949.

Since the Japanese occupied almost every position of importance in government, finance, trade and industry in Korea until 1945, the repatriation left a vacuum. A new and inexperienced government inherited virtually the entire industrial and commercial establishment. A plan for technical training was initiated in order to train sufficient technicians to operate a modern industrial system. Development of more adequate labour policies and modern labour unions was also essential to provide incentives to raise the low production levels. Meanwhile industry suffered.

In 1949 the National Assembly had enacted a Land Reform Act to supplement the agrarian reform of 1948. The latter had reduced the rate of farm tenancy from 73 per cent to 40 per cent. The new Act provided in general for government purchase of all holdings not farmed by the owner and of all holdings of more than 7.5 acres, irrespective of whether they were cultivated by the owner or not. Administrative difficulties caused delay but in June 1950 implemen-

tation of this law was beginning. Qualified farmers were eligible to purchase on a deferred payment plan up to 7.5 acres at 125 percent of the value of the annual crop.

This sketch of current conditions in South Korea indicates that substantial progress had been made and was being planned in early 1950. The problems outlined demonstrate the difficulties that lay ahead and the magnitude of the production problems that would have to be overcome if the Republic of Korea was to survive the division of the country. The Republic of Korea's programme for developing its shaky economy was directly dependent upon the assistance of the United States Economic Co-operation Administration. It is difficult indeed to visualize the conditions under which Koreans would be living without that aid. The Republic was faced with excessive defence expenditures, deficiencies in plants, shortages of raw materials and consumer goods, serious inflation and general nervousness about the future. It had begun, though belatedly, to grapple with these difficulties through the medium of a careful economic stabilization programme, and the future appeared rather brighter on the eve of the invasion.

The Executive and the Legislature

The development of representative government under the Constitution of the Republic had been both uneven and uneasy. Scarcely had the Constitution of the New Republic of Korea been adopted and the process of building a structure of government upon that framework begun when the Republic faced guerrilla uprisings within and was menaced by frequent clashes along the 38th parallel. The building of security forces absorbed energies and resources which were urgently needed to develop politically the new form of democratic representative government and carry out the economic and social programme necessary to nourish and keep healthy the infant State.

Up to the end of May 1950, the Executive and the Legislature were continually engaged in a bitter struggle for the recognition by the other of what each deemed its proper power and authority. The Executive possessed an advantage in that it already controlled the administration, and the Legislature felt that the Executive tended to ignore it in the transaction of day-to-day business. The latter, not willing to be thus ignored, and rather resentful of the treatment meted out to it by the Executive, tried again and again to assert its right of control. It had become clear, long before the act of aggression occurred, that the Legislature would not rest content until its relationship with the Executive was satisfactorily adjusted.

In December 1949 the National Assembly, believing that the two prime conditions for the creation of a firm national government were a high degree of civic responsibility and an efficient and honest administrative apparatus, decided to investigate the national administration. The findings, which were completed by the end of January 1950, provided the basis for criticism of the Government by members of the National Assembly and showed a healthy independence of spirit.

The criticism concerned police methods, illegal arrests, judicial delays, and charges of corruption in some branches of the government and civil service. Uncovering of extra-budgetary police and army expenditures brought complaints that the Government was by-passing the constitutional requirement that expenditures must first be approved by the National Assembly. The failure of the Government to enforce the Act prohibiting "voluntary contributions" was also censured. It was felt that the Government was not pushing recovery fast enough and was not implementing effectively three reform acts: the Land Reform, the Local Autonomy and the Vested Properties Acts. Finally, complete lack of confidence in the Government's rice programme was expressed.

These criticisms placed the administration on the defensive. In reply, Ministers admitted many deficiencies but pleaded special circumstances which had made effective execution of certain measures impossible. The administration offered to investigate the charges.

The atmosphere of antagonism between Executive and Legislature created by these critical findings set the stage for a revival of the proposal to amend the Constitution in order to provide cabinet responsibility to the Legislature. The issue was essentially one of control of the process of government. The chief arguments in favour of the existing presidential system were that a strong guiding hand was essential if the young Republic was to survive the strains and stresses of its early years and that the lack of strong political parties would mean continual government changes and weakness. The vote demonstrated clearly the temper of the Assembly. A large majority of those voting favoured the proposals to amend the Constitution; the amendments, however, were lost because the numerous abstentions among normal supporters of the administration prevented the concurrence of the necessary two-thirds of the duly elected and seated members of the National Assembly. Adoption of this method of defeating the amendments showed a certain sensitiveness to public opinion and a desire to avoid giving the impression of subservience to the Executive.

The legislative sessions up to June 1950 demonstrated that the conflict between the Executive and the Legislature was by no means ended. The administration was frequently harassed. It was slow to take up the challenge and the chamber became the scene of numerous clashes between the two.

Expenditure of unappropriated funds, especially by the Ministry of Defence, and failure to budget for necessary items forced the submission to the National Assembly of four supplemental budgets for the fiscal year 1 April 1949 to 31 March 1950. The budgets were passed substantially intact, but the opportunity was seized to berate the Executive for neglect of the Constitution.

Acrimony was also provoked over the budget for the new year 1950-1951. Serious difficulties in preparing a balanced budget had resulted in the Government's failure to submit final estimates within the time specified by law. The Government at the last minute demanded not

only the immediate passage of the budget but also heavy additional taxes. The Assembly, deprived of adequate opportunity for study, protested strongly but eventually yielded.

Although Executive and Legislature have normally been of one mind on the question of safeguarding national security, there was a clash even on this issue and an assertion of Assembly independence. The amended National Security Act of December 1949 was in question. In spite of its anxiety to suppress all communists, the Government, in deference to public opinion, had proposed an amendment to eliminate an unconstitutional clause applying penal provisions retroactively. The Government did not, however, agree to consider restoring the right of appeal under the Act in cases involving capital punishment. It pleaded that the courts would be unable to dispose of such appeals with adequate speed. Sharp objection was raised to the alleged encroachment on normal rights and, over administration protests, the Assembly finally successfully insisted on re-establishing the right of appeal.

Another controversy involving the National Security Act began in May and June 1949 with the arrest of fourteen members of the opposition in the National Assembly, on charges of violation of that act. Considerable excitement and indignation developed. When the arrests took place, many persons felt that the Executive had made the arrests at least partially in order to punish the independent critical spirit which had been demonstrated by the Legislature in numerous recent controversies and was therefore striking at the roots of representative government. The main charge against the Assembly members was that they had acted as instruments of the South Korea Labour (Communist) Party to undermine the Republic of Korea. It was also alleged that, in discharge of orders from the South Korea Labour Party, the Vice-President of the National Assembly and five others who were among those arrested had on 17 July 1949 submitted a petition to the United Nations Commission on Korea, requesting it to abolish military missions in Korea of both the United States and the Union of Soviet Socialist Republics. The long-delayed trial of thirteen of those arrested took place in January and February 1950 and resulted in their conviction. The maximum sentence imposed was ten years. All defendants appealed and the cases were still pending in June. Public and Press interest in the charges and in the conduct of the trial was very great. There was a feeling that the evidence adduced did not fully sustain the charges. Several defendants repudiated confessions introduced as evidence by the prosecution, alleging they had been extorted by torture. Although the prosecution vehemently attacked the defendants for presenting, on behalf of the South Korea Labour Party, a petition whose alleged aim was to undermine the Republic, the judgment did not state that its mere presentation was part of the criminal act. The criminality lay in its alleged presentation on orders from the South Korea Labour Party. Whatever the ultimate disposition of the cases or the truth of the charges, the episode

built up ill will and suspicion and acted as a hindrance to the development of the effective working relationship necessary between Executive and Legislature for the continuing development of representative government.

A fertile source of material for attacks on the Government was furnished by the difficult rice problem. The proper collection and rationing of rice has long been a cause of controversy in Korea, where the margin of surplus has usually been narrow. The National Assembly did not fail to press its opportunity. A Minister of Agriculture was forced to resign under fire and the Government was kept continually on the defensive.

The Assembly has been frequently critical of ministerial and other appointments. The resignation of the Prime Minister in April 1950 raised a constitutional issue. The Assembly took advantage of the President's nomination of a new Prime Minister to express its lack of confidence by refusing to confirm the appointment. Instead of submitting another nominee, the President named the existing Minister of Defence as Acting Prime Minister. The National Assembly protested that it was unconstitutional to follow this procedure while the Assembly was in session and demanded that the President appoint a Prime Minister for confirmation by the Assembly. The President stood his ground. Aggression by North Korea eliminated this controversy as an active issue.

An interesting act, in which neither the National Assembly nor the Executive showed much active interest, was the Local Autonomy Act which had provoked bitter controversy in 1949. It was designed to lay the foundations of popularly elected local governments and build the concept of citizenship in a people accustomed to centuries of completely centralized authority. Administrative delays had occurred, but in the spring of 1950 it was understood that the first elections under this decentralizing Act would take place in the autumn.

In the old Assembly, struggle for power took place between an Executive and Legislature of essentially similar economic and social views. The conflict of personalities tended to overshadow consideration of public affairs themselves, and the critical importance of facing current issues. There was little improvement in living conditions that the people could ascribe to the policy of the Government. It was perhaps for this reason that the electorate in May 1950 chose to return to office as many as 179 candidates who had not participated in the old Assembly, and were expected to concern themselves first with practical problems.

The general elections of 30 May 1950

The first National Assembly of the Republic of Korea was elected on 10 May 1948, during the period of United States Military Government south of the 38th parallel and under the auspices of the United Nations Temporary Commission on Korea. Its mandate ran for two years from the date of the constitution of the Assembly on 31 May 1948. New general elections, the first to be conducted by the Government of the Republic, were

therefore due to take place before 31 May 1950, the date when the mandate of the first National Assembly would expire.

Early in 1950 considerable prominence was given to the question of the date on which these elections would be held, and it soon became evident that the Executive and the National Assembly were at odds on this issue. The Executive felt that an election campaign would prevent the National Assembly from approving a difficult budget for the fiscal year beginning 1 April 1950 and enacting consequential heavy tax increases. It stated its opinion that if elections were held in May, members of the National Assembly would tend to absent themselves from forthcoming sessions in order to tour their constituencies in preparation for the election campaign. Another element of controversy had arisen over proposals and discussions in the National Assembly concerning amendments to the Constitution which would have changed the system of government from the so-called "presidential system" on the American model to a parliamentary system with cabinet responsibility. Any amendment in this direction was strongly opposed by the President and the members of the Government and cabinet. Following the final defeat of the amendments, there became evident a desire on the part of the Executive to prolong the life of the existing National Assembly and thus avoid new elections which might favour the opposition. For more than two months the policy of the Government vacillated on the question of the date of the elections, and considerable unrest was created both in the National Assembly and among the people. The Press was unanimous in supporting immediate elections. There were several conflicting Presidential pronouncements on the date on which the elections were to be held; at one time postponement even to November was suggested. The National Assembly denied the President's right to postpone elections and insisted that elections should be held in accordance with the Constitution and the fundamental principles of democracy. There was danger of a serious constitutional crisis, and the Executive was accused of wanting to rule by decree for the period between the expiration of the mandate of the first National Assembly and the time when a new Assembly would have been elected.

The suggested postponement of the elections had important reactions not only in the domestic but also in the international field. The U.N. Commission, viewing with some apprehension the situation that was developing, took the opportunity on 2 April 1950 of informing the Executive that it viewed with concern a postponement of the elections until November, which would leave the Republic of Korea from June until November without a fully representative government. The Commission stated also that such postponement might lead to internal dissension, which in turn might be taken advantage of by elements disposed to provoking military conflict in Korea. On 3 April 1950 the United States Government also pointed out that United States aid, both military and economic, to the Republic of Korea had been predicated upon the existence and growth of

democratic institutions within the Republic; that free popular elections in accordance with the Constitution and other basic laws of the Republic were the foundation of these democratic institutions, and that it was desirable for elections to be held as scheduled and provided for by the basic laws of the Republic. Finally, the President fixed 30 May as the date for the election.

On 21 April 1950 the Foreign Minister, on behalf of the Government of the Republic, invited the Commission to observe the general elections as a continuing development of representative government in Korea. On 4 May 1950 the U.N. Commission accepted the invitation, considering that it was, under its terms of reference, entitled to study carefully the course of events and duty-bound to report to the General Assembly on the nature of the elections on the basis of its observation and experience of those elections. There was, of course, no question of assuming responsibility in the sense of endorsing or passing negative judgment on the validity of the elections. In accepting the invitation, the Commission informed the Government of the Republic that it would itself decide on the best means of carrying out this observation, particularly in order to ascertain whether elections were held in a free atmosphere.

Profiting by the experience gained by the United Nations Temporary Commission, the Commission was able to organize itself rapidly for the observation of the elections of 30 May 1950. This time the task was easier, as the responsibility for the proper conduct of the elections rested with the Republic. It was the stated object of the Commission to ascertain whether the elections were carried on in a free and democratic atmosphere. Teams were organized to cover the whole of South Korea, their duties being to study the election law and regulations and their application, the organization and arrangements for the elections, the balloting and the subsequent counting of ballots and the declaration of the results. The teams were also to examine the attitude of the authorities, the platforms and activities of political parties and organizations, and the reaction of the people to the elections. They were further to study the nature and extent of freedom of expression and of assembly, freedom from intimidation, violence and threats of violence, and undue interference with or by voters, candidates and political parties and groups.

The observation teams carried out comprehensive tours both before and during the elections, and were able to complete their reports to the Commission during the first part of June. All teams agreed on the following observations. The central, provincial and local election committees played, on the whole, a very active and successful role in assuring strict obedience to the election law and regulations. In general candidates conducted very active campaigns. Joint speech meetings of all rival candidates, held under election committee auspices, were attended by large crowds. Speeches were devoted chiefly to general statements and did not propose specific remedies for concrete political, economic and social problems. All candidates urged

early unification by peaceful means. Corrupt and inefficient administration was attacked; honest, efficient government was promised. The Administration was belaboured for mishandling the rice collection and rationing programme. The difficulties of living under inflation conditions were emphasized. Many criticized the previous National Assembly for its failure; some criticized the Administration and proposed a cabinet system of government. These were the usual themes. Understanding of complex issues and programmes was beyond the comprehension of the average voter. The personality and reputation of the candidate were the deciding factors.

The naturally great interest in these, the second national elections in Korean history, had been stimulated by frequent Legislative-Executive clashes, by popular dissatisfaction with both the Government and the National Assembly and by the mounting inflation which threatened everyone's livelihood. With only 210 seats to be filled, more than 2,200 candidacies were registered.

Proclamation of the elections had been accompanied by directives from the President, the Minister of Home Affairs and other high officials. Their purpose was to ensure the conduct of the elections in a free and democratic atmosphere. This action attracted particular interest because of the intention expressed by 'middle-of-the-roaders' and some alleged leftists to participate in the elections. These candidates had boycotted the elections in 1948 on the ground that elections in South Korea alone would make unification more difficult. This action had made them suspect in the eyes of the Administration.

The tension underlying these elections became more apparent after newspapers reported the rounding up in April and May of almost 200 underground agents of the South Korea Labour (Communist) Party, whose activities had been brought to an end under the National Security Act. As the campaign progressed, there were more and more announcements of the arrests of candidates, their managers and supporters. Arrests were made chiefly on charges of violation of the National Security Act or alleged violations of the election laws and regulations. The arrests were accompanied by unverified reports that many supporters of candidates were being threatened or even beaten by both police officials and other unidentified persons in an effort at intimidation. Withdrawals from the campaign took place in sufficient numbers to suggest the use of pressure. Some of the arrests were carried out in apparent violation of article 117 of the Election Law, which states that "A candidate or his manager shall not be taken into custody, confined, detained, or arrested during the election period, except when apprehended in flagrante delicto."

These departures from an orderly free atmosphere had their explanation. While publicly proclaiming a 'free atmosphere' the authorities responsible for the maintenance of public order were apprehensive and tended to interpret the National Security Act most strictly in the face of the constant threat from north of the

parallel. This interference was directed not only against those suspected of belonging to or sympathizing with subversive elements, but also against those who opposed government policies. Thus candidates were subject to fear that criticism of the Administration might be regarded as a treasonable attack on the Republic of Korea. Persons who had associated in the past with leftist groups

or had favoured the controversial North-South Conference of May 1948 were either placed under pressure to withdraw from the campaign or obliged to conduct it under serious handicaps.

Until 25 June the U.N. Commission kept close watch on the general situation resulting from the elections, and in particular the negotiations that had been

AMERICA'S ECONOMY IN 1950

EXTRACT FROM THE ANNUAL REPORT FOR THE YEAR 1950 OF THE
FEDERAL RESERVE BANK OF NEW YORK

Transition from peace-time economy to rearmament

The outbreak of overt Communist aggression in Korea, on June 25, 1950, transformed the tone and the tempo of American economic life. The first half of 1950 had been a period of energetic recovery from the mild recession of 1949. By midyear, the production of goods and services had reached a new peacetime high, and employment was nearing a record peak—a convincing demonstration of the recuperative vitality of a competitive enterprise economy. This recovery, like the recession preceding it, also had its counterpart abroad, particularly in Western Europe. But "after Korea", there was a complete change in setting. This country, and its allies, faced a clear necessity to rearm. For the indefinite future, it appeared, the "Western" nations must be prepared at the least for sporadic hostilities, and at worst for a speedy mobilization to meet the challenge of total war. Thus from July onward, the dominant economic problem in the United States became that of wedging an expanded military program into a productive machine already operating at close to full capacity; the dominant economic danger became that of inflation; and the dominant emphasis in economic thinking began to shift from freedom to controls.

The immediate repercussions of the changed situation were sharpest in the nondefense sectors of the economy. Consumers, fearing price increases or actual

shortages of goods, rushed to buy, and the gross national product (measured in dollar terms) rose swiftly in the third quarter. Practically all of the rise was concentrated in consumption expenditures, and more than half of the additional expenditures were for durable goods. The rise was also accompanied by a continuation of the unprecedented boom in construction activity that had been underway throughout the year. As a result, the number of new dwelling units started in 1950 reached a total one-third greater than the record set in the previous year; in value terms, residential building increased more than one half over 1949. All other types of private and public construction shared in this remarkable expansion.

The consumer buying boom settled down somewhat in September, however, to be followed by an acceleration in business expenditures, chiefly for replacing and enlarging inventories. And toward the end of the year, after a lull for planning and the placing of contracts, Government expenditures for goods and services rose above the relatively constant levels of the first three quarters, although the Government budget, on a current cash basis (including transfer payments), remained approximately in balance. In the final quarter, business and Government expenditures together produced a record rise in the dollar volume of gross national product.

initiated among the various parties and groups of representatives. Attention was also paid to the grounds of appeal contained in the election petitions being submitted to the Central Election Committee. The newly elected National Assembly met for the first time on 19 June 1950 and elected its Chairman and Vice-Chairmen. Six days later the aggression occurred, thereby temporarily interrupting the work of the National Assembly. The aggression also prevented the Commission from completing its analysis of the elections and from preparing a full report to the General Assembly.

The outcome of the elections proved to the Commission that the majority of the electorate, being dissatisfied with their living conditions, and placing the blame for this on the old National Assembly, preferred candidates who were not openly associated with the parties of that Assembly. The new National Assembly contains only thirty-one members of the old. In fact, the two leading parties in the old National Assembly suffered a heavy defeat, losing 70 per cent of their strength in the Assembly. In view of the criticism against the old National Assembly, many candidates thought their chances would be improved if they ran as independents. Out of 210 members, 135 were elected as independents.

The U.N. Commission has arrived at the following general conclusions regarding the elections of 30 May 1950: (a)

Very considerable enthusiasm was everywhere shown by the electorate. A high percentage, almost 90 per cent, cast their votes. (b) The electoral law and regulations were adequate and generally enforced. The organization of the elections and the work of the various election committees were commendable, and the electoral machinery functioned well. (c) The secrecy of the ballot was respected. (d) The lack of a developed party system and discipline led to an excessive number of candidates and made the choice of the voters needlessly difficult. (e) As no clearly defined party programmes were placed before the electorate, votes were cast for individual candidates on their personal rather than on their party merits. In fact, a party label was regarded as a disadvantage. (f) No undue pressure was exerted to influence the vote in favour of a particular candidate. (g) There was certain concrete evidence of interference by the authorities with candidates and their election campaigns. This interference, in the main, was carried out by local police. Some candidates who were under arrest were actually elected, and the voters seemed to react against police interference by supporting those candidates with whom the police had interfered.

Notwithstanding some cases of interference, the voters were able to exercise their democratic freedom of choice among candidates and cast their votes accordingly.

Yet these increases in dollar volume during the second half of the year were in large measure illusory; it is doubtful whether as much as one half, perhaps little more than one third, of the over-all dollar gain was matched by additions to physical output. Wholesale prices (the "all commodities" index), which had risen 6 per cent in the first six months, rose 12 per cent further; the less sensitive consumers' price index, following with the customary lag, was up by 5 per cent. Inflationary pressures were strong; and the expansion of military procurement had scarcely begun. At the year end, the rate of defense spending had risen 7 billion dollars above pre-Korean levels, to an annual rate of 20 billion dollars, in a gross national product that had reached a rate of 300 billion.

The rapid acceleration of inflationary pressures, in the earliest stages of transition to rearmament, emphasized the contrast with conditions prevailing from 1939 to 1942, when underemployed resources and manpower were drawn upon to provide an annual expansion of 10 to 15 per cent in the real volume of gross national product. In the last half of 1950, added employment, a slight lengthening of working hours, and some gains in productivity combined to raise the real gross national product at an estimated annual rate of about 7 per cent. There were still possibilities for further increases, to be sure, but it appeared very unlikely that all of the projected build-up in military requirements could be provided out of expanded total production. Should the international situation permit a later stabilization of armament spending at the higher levels to be reached by 1952, the total capacity of the economy might catch up in the following years, and permit resumption of the rise in civilian consumption that had been enjoyed for the past decade. But as of the end of 1950, it appeared that private consumption and investment would, in some measure, have to give way, at least for the transition period.

Confronting this prospect at its earliest stages, the President, in his message of July 19, 1950, called for primary reliance upon strong fiscal and credit measures to reduce the volume of private purchasing power competing with the Government for available output. In this approach, the President found support from those who feared that direct controls would hamper, not induce, greater production, particularly if they were imposed at the very beginning of an enlarged defense program, the scope and duration of which no one could venture to estimate. Support also came from those who feared that such controls would shortly become unworkable. Without the intense patriotic fervor which accompanies actual war, it was felt, they might become discredited or be made ineffective for later use in a greater emergency. However, in the Defense Production Act, which became law on September 8, Congress made provision for a wider range of eventualities, giving the President power, until June 30, 1951, not only to allocate scarce materials and to impose selective controls over real estate and consumer credit, but also to intervene in labour disputes, and to

control most prices (provided a parallel control should be established over wages). An average increase of about one fifth in personal income taxes was voted by the Congress, effective October 1; and at the beginning of January 1951, a retroactive tax was imposed on "excess" corporate profits earned after July 1, 1950.

The steps taken by the Federal Reserve System to strengthen general credit controls, and to impose selective restrictions upon consumer instalment credit and real estate mortgages are described in a later section of this report.

In September 1950 a National Production Authority was created in the Department of Commerce. On October 7, the President appointed an Economic Stabilization Administrator to study the possible need for price and wage controls, and to provide for the administration of such controls should they be imposed. On December 15, these authorities were tied together when the President appointed a Director of Defense Mobilization, who was assigned responsibility over the Economic Stabilization Administration and the National Production Authority. (Shortly thereafter the NPA was in turn subordinated to a Defense Production Administration responsible to the Director of Defense Mobilization). On December 16, the President declared the existence of a state of national emergency. Shortly after the end of the year, an initial general "freeze" on wages and prices was announced.

Thus the year presented a paradoxical record of economic change. Up to the middle of 1950 the economy of the United States had given a striking demonstration of the recuperative powers, and capacity for growth, of an enterprise system largely free of detailed Government intrusion. But by the end of the year the United States found itself (partly because of its success in maintaining a high-consumption economy at virtual full employment) using direct controls in order to make room for what was, as yet, a very moderate expansion in military production. The turnaround did not, however, imply abandonment of the more general and impersonal controls embraced in fiscal and monetary policy.

Foreign Economic Problems

These same general controls received even greater emphasis abroad, as inflationary pressures returned to most of the other democratic countries which had experienced extensive planning and the detailed regulation of markets during World War II. Pay-as-you-go taxation, and balanced or overbalanced budgets, were, almost universally, the prime objective. Stiffened restraint upon the availability of credit, resulting unavoidably in higher rates of interest both for Government and for private borrowing, appeared in countries as widely divergent in their recent reliance upon detailed governmental planning as the United Kingdom, or Sweden, at one extreme, and Belgium or Canada, at the other. It was noteworthy that of all major countries in the "democratic bloc," only the United States and Australia had not yet, by the end of 1950, exerted sufficient effective restraint upon credit to result in signifi-

cant increases in long-term rates of interest—although the United States, like most others, had experienced rising short-term interest rates (with some repercussions on long rates) as a result of efforts to check the expansion of credit in the face of unprecedentedly large demands.

Most of these other countries made surprising gains over their prewar performance in production, employment, and external trade during 1950. On the basis of preliminary estimates, industrial production among the seventeen countries included in the Organization for European Economic Cooperation, for example, generally rose 7 to 15 per cent (with a few exceptions where the gains were smaller); their employment in most cases was well above prewar; and a majority restored over-all balance in their international current accounts. By the end of 1950, it appeared quite probable that many of the objectives of the European Recovery Program would be fulfilled in advance of the original target date—mid-1952—and that the "dollar shortage" had been banished, at least temporarily. Intimately related to this achievement, which rested on the vigorous internal efforts of the countries concerned and on the currency devaluations of September 1949, as well as on American aid and the transmitted effects of economic recovery and expansion here, were the steps taken to widen the area of multilateral clearings, the creation of the European Payments Union, the extended use of "open general licenses" (which eliminate licensing requirements for specified commodity imports from designated countries), and the further reduction of quantitative quotas on imports among the OEEC countries.

It was not yet possible, however, to conclude that the so-called "dollar shortage" had been permanently eliminated. Until the outbreak of the Korean conflict, a very large share of the postwar improvement in the United States trade balance had come from a shrinkage of United States exports, largely induced by trade and exchange restrictions abroad, rather than from an enlargement of our imports. And a large proportion of the subsequent rise in United States imports was associated with the increase in our Government and business stockpiling. Nonetheless, even though some part of the improvement should prove temporary, the continuation of large-scale Government economic assistance enabled many foreign central banks during 1950 to begin accumulating hard currency and gold reserves as a backlog of strength—a highly desirable development in the interest of freer international trade and eventual currency convertibility.

The United States lost about 1.7 billion dollars of its reserves during the year, or about 7 per cent of the peak volume of 24.7 billion dollars reached in 1949, when United States holdings accounted for more than two thirds of all known monetary gold reserves. At the end of 1950 the country's gold stock, at 22.7 billion dollars, still remained about 3½ billion dollars greater than in the latter part of 1945, however, after making allowance for the gold subscription of the United States to the International Monetary

Fund. The loss of gold to foreign countries may well diminish in coming months when these countries have to meet the requirements of their own expanded military programs, and when United States stockpiles reach adequate levels and imports of stockpile materials revert to a replacement basis. It should be remembered, also, that many of the countries accumulating gold were doing so at the expense of drastic restrictions on their purchases in the United States, and that these restrictions might be relaxed as their reserves approached more adequate working levels and their import needs increased. In fact, some countries—notably in Latin America—were already relaxing their import restrictions and endeavoring to obtain more goods from this country toward the end of 1950. It now seems likely that in the immediate future our exports will be limited only by our ability to supply the goods and by the ability of other countries to pay for them. One other factor which could cause us to lose gold would be an outflow of capital. While there have been some movements of speculative capital or "hot money" to other countries, partly in attempts (largely unsuccessful) to profit by rumored appreciation of certain currencies that were devalued in 1949, only a fundamental failure in our domestic policies for control of inflation could provide a basis for sustained capital outflow.

Sources of Domestic Inflationary Pressures

The principal sources of inflationary distortion in the American economy were already sharply revealed before the end of 1950. Some expressed themselves by limiting the expansion of production, others by increasing production costs, and still others by contributing to an excessive aggregate demand. None presented insoluble problems. But the great challenge to public policy was to find and accept those techniques of control which would not only provide temporary relief, but would also be effective during a period of rearmament and mobilization that might last for a period of years. The ultimate solution, of course, would be increased production arising from increased use of capital and increased productivity.

The limitations on immediate expansion of production were the characteristic bottlenecks of "full employment," principally a shortage of manpower in the labour force, and a scarcity of certain critical materials, particularly metals. There were difficulties, too, arising from inherent delays and shifts in the precise scheduling of military requirements. And the extensive rearrangement of productive capacity and manpower inevitable in the present transition period may be expected temporarily to interfere with the needed growth in productivity. Real output per man hour apparently fell off for these reasons in 1941 and 1942, and a comparable decline would probably have to be expected through much of 1951. But the relatively small scope of the new defense tasks, the speedier adaptation made possible by experience so recently acquired in World War II, and the great expansion in plant capacity over the past decade should combine, within another

year, to begin to bring about the rise in productivity upon which hopes for combating inflation by "more production" must principally depend.

Inflationary influences within the cost structure posed problems of a more stubborn character. There was the danger that undue reliance upon taxation of "excess" profits might remove essential incentives for vigorous cost control, although it was not evident, by the end of 1950, that this danger point had been reached. There were also two important factors which, whatever their advantages might be under other conditions, were already at work as "built-in" sources of cost inflation during 1950—wage rates tied to the "cost-of-living" index, and agricultural prices geared to parity formulas based on the prices paid by farmers. So long as all other methods were successful in stabilizing prices, the automatic acceleration of costs through rising wage rates and agricultural prices could be held in check; but any unavoidable slippage in the other controls, or even time lags in their becoming effective, would set off a further upward spiral of costs through wage and farm-price adjustments. Both implied, moreover, that any necessary shrinkage of civilian consumption, even if only temporary, would not be borne by the particular labour groups covered by adjustable wage contracts, nor by the farmers included in the parity program. By the end of 1950, attention had properly begun to focus on this range of problems.

A third group of inflationary factors was already in motion during 1950, and overlapped, in part, those already mentioned. These were the forces contributing to a general excess of demand for goods, beyond existing supply capabilities. Over-all physical restriction upon expansion of civilian consumption, inevitable though it may be in terms of national needs, seldom can be expressed in a clear-cut guide to action for the individual. Consequently it had to be expected that, even in the face of increased military demands for goods and services, current incomes might be drawn upon more heavily to maintain individual civilian consumption, that existing holdings of liquid assets might be activated, and that consumers and businesses might attempt to obtain additional credit in order to sustain or increase their purchasing power. That is why direct control over prices, and even consumer rationing if that were attempted, must fall short of providing a real solution of the inflation problem. The pressure of excess demand will eventually break out somewhere, defeating the objectives of direct controls, unless disposable income is reduced through heavy taxation, unless saving out of income can be increased, unless methods are found to restrain or offset the spending of existing liquid assets (a much greater problem than ever before because of the huge Government debt created in World War II), and unless curbs are placed upon the creation of credit.

Some of those who were strongly urging imposition of direct controls during the last half of 1950 did not recognize the essential interdependence between such

measures and general fiscal and credit controls. There seemed to be a hope that, with prices frozen, inflation would be at an end; that there would be plenty of goods to go around; and that the distasteful and "old-fashioned" medicine of higher taxes and tighter credit could be avoided. This was wishful thinking. Although there was no need to despair of bringing the inflation under control, its sources were too many and too varied to permit reliance upon a single corrective, or to expect the process of correction to be wholly painless.

National Economic Trends in 1950

The year 1950 was characterized by two distinct phases. During the first half of the year, the economy was in the process of recovering from the mild recession of 1949. By June, industrial production had surpassed the previous peacetime record set in 1948. Consumers spent more for housing and durable goods during these months than in any previous similar period. In the latter half of the year, after the United States became involved in the Korean conflict, there was a wave of scare buying, based on the prospective imposition of a greatly expanded defense program on an economy operating at near-capacity levels. Prices and wages rose sharply, while supplies of many raw materials became tight.

At the beginning of the Korean war, however, it was a common belief among businessmen and Government officials that only selected direct controls, in addition to general fiscal and monetary measures, would be necessary to prevent the rearmament effort, at least in its initial stages, from exerting an unbalancing influence on the economy. While provision was made in the Defense Production Act for the setting up of full-scale direct controls as they might become necessary, resort to these provisions was slow and gradual. By the end of the year, the production of military goods and the conversion of facilities were getting under way, but had not yet involved appreciable restriction of other production. Civilian goods still accounted for the bulk of the increase in output during the second half of the year. In fact, nonmilitary production at the end of 1950 was at a new high. The lag in the flow of finished munitions is indicated by the fact that defense expenditures accounted for only 7 per cent of the gross national product at the end of 1950, very little more than a year earlier, when the gross national products was considerably lower. However, the prospective magnitude of the defense effort was progressively enlarged.

The total value of goods and services produced reached an all-time peak in 1950, and so did incomes. The gross national product amounted to 280 billion dollars, 9 per cent more than in 1949 and 8 per cent above the previous record set in 1948. Even after adjusting for the effects of rising prices output of goods and services in 1950 was approximately 7 per cent higher than in either of the two preceding years. For the year as a whole, the entire increase resulted from higher levels of consumer and business spending; actually, despite rising military spending late in the year, there was a slight over-

all decline in government expenditures for goods and services. In the fourth quarter, the gross national product was at an estimated rate of 300 billion dollars per annum.

The physical volume of goods produced in 1950 is estimated to have been about 11 per cent higher than in 1949. Output of manufactures and minerals was up 14 per cent, new construction rose 17 per cent, and electric and gas utilities produced 12 per cent more than in 1949. Agricultural output declined about 2 per cent, but nevertheless was the third largest in the nation's history.

The physical volume of industrial production (as measured by the Federal Reserve index) had reached the highest peacetime rate on record just before the Korean hostilities started in June, and was virtually double the 1935-39 rate. In the first four months after this country became involved in the Korean fighting, output expanded 9 per cent further, but no additional advance occurred in the last two months of the year. Shortages of materials and their diversion to military production hampered output toward the close of 1950, but shutdowns because of severe storms and because of the usual model changes in the automobile industry were also factors in the lag in production. The supply situation for many basic materials tightened rapidly, particularly in the case of rubber and most metals. Demand increased not only because of actual production needs, but because business firms tended to accumulate inventories which they deemed commensurate with their high level of operations and prospective needs, and in specific instances also because of strategic stockpiling by the Government.

Increased production, wages, and prices raised personal income in 1950 to 223 billion dollars, 8 per cent above the 1949 level. Personal income, particularly in the early months of the year, was stimulated by the payment of the National Service Life Insurance dividend, amounting to 2.7 billion dollars. Disposable income (personal income minus taxes) also rose in 1950, but not so rapidly as total personal income, because of the progressive tax structure and also because of higher tax rates in the last quarter. By far the largest part of the rise in income—nearly three fifths—was in wages and salaries. Nonagricultural employment in the second half of 1950 was a record-breaking 45.5 million; there were widespread increases in wage rates; and wage-earners generally worked longer hours than in 1949. Higher dividend payments and larger business and professional income also contributed to the increase in total income. Agricultural income, on the other hand, was not quite so large as in 1949 and was the lowest since 1945. However, the Korean crisis, which turned prospective agricultural surpluses into valuable stockpiles, contributed to a marked rise in farm prices and incomes in the latter part of the year.

An outstanding feature of 1950 was the increase of expenditures for consumers' goods and housing beyond all expectations. Although such spending had already been at a record-breaking rate in the first half of 1950, it rose sharply after

the outbreak of war in Korea. The surge of buying in midsummer—some of it illogical and panicky—was motivated primarily by the anticipation of shortages and higher prices. Consumers repeatedly demonstrated their willingness to dip into savings or to go into debt in order to obtain the goods they desired. The surge of demand for nondurable goods like sugar, soap, and nylon hosiery quickly abated, but heavy buying of durable goods, particularly automobiles, persisted. During 1950, sales of new automobiles reached record levels, even though the previous four years of peacetime production had virtually eliminated the backlog of demand from World War II. New passenger cars produced in 1950 numbered 6.7 million, over 30 per cent above the previous record, yet many dealers had sizable waiting lists at the end of the year. The rapidly developing television industry achieved a 1950 sales volume two and one-half times that of 1949. Sales of furniture, appliances, and other consumers' durable goods were stimulated by the exceptionally high number of homes being built and sold. A total of 1,395,000 new dwelling units, over one-third more than during the previous record year, were started in 1950.

As this country became more deeply involved in the Korean fighting and the immediate goals of our domestic defense effort took larger and more definitive shape, it became apparent that raw materials and manpower needed to achieve these goals would have to be partly diverted from civilian production. In such circumstances, it was certain that output of most consumers' durable goods and housing would be curtailed, either by direct limitation of production or by restrictions on the use of materials. In the meantime, with consumers eager to buy and willing to dip into savings or to borrow in order to do so, a highly inflationary situation was developing.

The measures taken to bring demand more closely into line with the civilian supply which would be left after military needs had been met were first limited to the fiscal-monetary field. Higher individual and corporate income taxes which became effective on October 1 began to siphon off some purchasing power. Regulation of consumer credit by the Federal Reserve System was reimposed in September and strengthened in October. Residential real estate credit terms were tightened somewhat in July by Federal agencies insuring and guaranteeing mortgages, and in October the Housing and Home Finance Agency and the Federal Reserve System cooperated in issuing sharper restrictions on the financing of new homes. However, the existence of a large volume of commitments to finance housing under the old terms largely postponed the effects of the steps taken.

Business spending, both for inventories and for new plant and equipment, accelerated sharply in the course of 1950. For the year as a whole, nonfarm businesses added about 4 billion dollars' worth of goods to their stocks, whereas in 1949 an inventory liquidation of approximately 3 billion dollars had taken place. (These figures exclude the effects of price changes, which during 1950 added more

than 5 billion dollars to the value of existing and new inventories). The high rate of consumer buying drew down stocks somewhat during the third quarter, but by the fourth quarter nonfarm businesses were adding to their inventories at the rate of 11 billion dollars a year. At the start of 1950, plant and equipment expenditures had generally been expected to decline sharply during the year. But during the first half of the year better business than anticipated revived the expansion plans of many firms. During the second half, the need for increased war production facilities and the assurance of a continued high level of consumer demand added to the demand for capital equipment. Unfilled orders of machine tool companies tripled between June and November. Thus, despite the earlier expectations, expenditures for plant and equipment in 1950 now appear to have exceeded those in 1949. Businessmen are reported planning to increase their capital expenditures in 1951 by a further 20 percent; if these plans are realized, such expenditures will total more than in any other year.

The high rate of consumer and business spending during 1950 was reflected in rising prices. The price level advanced during the spring, but the rise was gradual prior to the invasion of South Korea. A rise followed the overnight deterioration in the international situation. Basic commodities generally showed the sharpest increase; the Bureau of Labor Statistics index of spot prices of 28 basic commodities increased roughly 40 percent between the outbreak of hostilities and the end of the year. The general level of wholesale prices advanced about 12 percent in the same period. Consumers' prices showed an over-all rise of 5 percent, indicating that many of the increases in raw material price and labor costs had not yet been felt at the retail level. All three price indexes set new records, surpassing the peaks reached in 1947 and 1948.

General wage increases during the first half of 1950 were relatively small, although many new contracts provided for pensions, insurance, or other "fringe" benefits. In August, however, "voluntary" wage increases granted by the automobile industry touched off a new round of upward wage adjustments, amounting generally to around 10 to 15 cents per hour. Rising living costs and a tightening labor market resulted in agreements on wage increases in a number of key industries, despite the fact that existing contracts generally did not provide for reopening of wage negotiations until later. Many of these wage raises were accompanied by price increases, the steel industry being a notable example. A particularly outstanding development in the latter half of 1950 was the increasing use made in wage contracts of cost-of-living escalator clauses and the inclusion in a growing number of contracts of a provision for an annual "productivity" increase in wages.

The developments of recent months point to an increase in consumer income during 1951, which will be only partly offset by a rise in tax payments at current rates. The supply of civilian durable goods, on the other hand, is certain to

diminish when defense production gains momentum. A shift in production gains from durable goods to nondurable goods and services may be expected as production of the former is curtailed. One of the major problems confronting mobilization authorities is that of reconciling consumers to a somewhat lower standard of living in a period when their money income is increasing. Even with further increases in taxes, credit restrictions need to play an increasingly important role in adjusting demand to the available supply.

The New Guinea Question

by B. Shumers

Western New Guinea, until little more than ten years ago one of the forgotten countries in our well-explored world, attracted world-wide attention for the first time during World War II, when its soil, its shores and its air were the scenes of many decisive land, sea and air battles between the forces of the West and those of Japan. Its inhabitants, most of them still living in the Stone Age, must have watched these monstrous battles with horror and those in the coastal areas whose contact with civilisation had been limited to the few mission posts there, must have wondered why the holy white men came to their Papuan country to teach them that head hunting was an awful sin, whereas their own people killed each other in thousands.

Once the world had discovered that there was such a country as Western New Guinea it was drawn into the atmosphere of world politics and became an object of diplomatic and political discussions in the capitals of faraway countries. First of all it developed into a bone of contention between the newly-created state of Indonesia and Holland. Few of the New Guinea Papuans will ever have been aware that they were legal subjects to the Queen of Holland in the far North and even fewer will be able to understand why politicians at Djakarta claim that the Papuans are their close relatives, their blood-brothers without whose inclusion in their state they would feel their nation a mutilated one. Nevertheless, Papuans of Western New Guinea—they recently adopted a new name for themselves and their country and are Irians now which sounds much better than Papuan—who never travelled any farther but the distances their little fishing boats and canoes could take them, boarded gigantic airplanes and went as far as The Hague to state solemnly that their people wanted to live under the protection of Queen Juliana and the Dutch flag and others came to make it clear to the world that they were asking to join the Merdeka of President Sukarno's Republic of Indonesia. This happened at the time when a Dutch-Indonesian conference met to solve the question whether Western New Guinea, or Irian, was to remain under Dutch sovereignty or under that of Indonesia. The Round Table Conference held at the end of 1949 at The Hague reached complete agreement on the very important question of Indonesian independence but was unable to decide in the far less important matter of Irian's future status. A new conference was to reconcile the Dutch and the Indonesian standpoints. In the meantime another country showed itself deeply concerned with the problem of Irian's future. The Australian Minister of External Affairs, Mr. Spender, made it unmistakably clear that Australia never would agree to a transfer of Irian's sovereignty from the Dutch to the Indonesians. Australian interests, according to the Australian government, were involved to such an extent that she herself would

claim sovereign rights over Irian should Holland wish to hand over her sovereignty to any other country. In view of the world situation Australia could not feel safe as long as Irian was not in trusted hands. Canberra evidently has full confidence in Holland, but the new Republic of Indonesia cannot be regarded in Australian eyes as a reliable guarantee of Australian strategic interests. The Second World War made it clear how easily the Eastern and Western parts of this gigantic island could be transformed from a defensive shield against an Asiatic invasion into a springboard for such an invasion.

The Americans too seem to be interested—and also for strategic reasons. The tide of anti-Western feelings in the Far East has risen so high, that few bastions for Western defence in territories under Asian rule can be regarded as safe. Contrary to the Australians however, the Americans have avoided making their ideas concerning Irian publicly known, but there is every reason to believe that there was more than a grain of truth in the assertion by Dutch representatives at The Hague Conference, that the U.S.A. are opposed to the transfer of sovereignty in the New Guinea area.

Indonesian claims are based on their rights as a revolutionary government to take over all the territories of the ousted colonial government. Juridically the

Indonesians refer to statements made by Dutch representatives in the Security Council, that Holland undertook to transfer its sovereign rights over the former N.E.I. completely to the new state of Indonesia. Irian, being a part of the former N.E.I. for that reason should have been included in the transfer of sovereign rights, decided upon at the Round Table Conference.

The Dutch on the other hand hold that Irian is not a part of the Indonesian Archipelago and geographically belongs to Australia and not to Asia. The Irian population, racially and culturally quite different from the Indonesians, have never been able to express their wish to part from the Dutch rule, such as the Indonesians have been able to do. Under these circumstances, Holland does not feel justified in relieving herself from her responsibilities towards the native population of Irian.

At the recent conference, which ended on December 27th, 1950, without results, Indonesia stated her willingness to safeguard all Dutch interests in Irian and to consider various concessions to the Dutch, but was tenacious as far as the principle of sovereignty was concerned. The Dutch suggested that sovereign rights should be held not by one of the partners in the Dutch-Indonesian Union but by the two partners commonly, under the condition however, that the Dutch would administer the country in the name of both the Union partners. This suggestion was flatly rejected by the Indonesians. An alternative proposal by the Dutch dealt with the possibility of a new

AGRICULTURAL PRODUCTION OF INDIA

Agricultural production, on the whole, improved in 1949-50 as compared with the previous season. There was an increase in the estimated output of groundnut, rape and mustard, sesamum, castorseed, raw jute, raw cotton, rice, wheat, millets, maize and barley. The production of linseed, sugarcane, coffee, ragi and gram, however, declined. Natural calamities during the year brought about a deterioration in the internal availabilities of foodgrains and, as a result, the import target had to be raised.

Government's efforts to attain self-sufficiency in foodgrains by the end of March 1952 continued to make satisfactory progress. In furtherance of the Grow-More-Food Campaign, an integrated production programme was launched in order to coordinate the activities in the whole sphere of agricultural production.

The production of oilseeds with the exception of linseed improved as compared with 1948-49. The production of linseed was, however, lower.

The area sown and the outturn of groundnut were estimated at 9,672,000 acres and 3,399,000 tons, respectively, as against 9,145,000 acres and 2,896,000 tons, respectively, in 1948-49, showing an in-

crease of 5.8 per cent in area and 17.4 per cent in outturn.

The final forecast of rape and mustard placed area and yield at 4,677,000 acres and 774,000 tons, respectively, as compared with 4,633,000 acres and 735,000 tons in the previous year, showing an increase of 0.9 per cent in acreage and 5.3 per cent in yield.

The area and yield of sesamum were estimated at 4,615,000 acres and 379,000 tons, respectively, as against 4,645,000 acres and 333,000 tons during the previous season. Thus, the yield improved by 13.6 per cent, despite a drop of 0.6 per cent in acreage.

The area and yield of linseed, estimated at 3,781,000 acres and 425,000 tons, respectively as compared with 3,864,000 acres and 444,000 tons of the previous year, showed a decrease of 2.1 per cent in acreage and 4.3 per cent in outturn.

The estimated area and yield of castorseed were 1,391,000 acres and 118,000 tons, respectively, having improved by 8,000 acres or 0.6 per cent and 10,000 tons or 9.3 per cent respectively, as compared with 1948-49.

The figures following show production of oilseeds under the two groups, edible and non-edible, in 1949-50, as compared with 1948-49:

OILSEEDS PRODUCTION

	(In thousand tons)	
	1949-50	1948-49
Edible Oilseeds		
Groundnut	3,399	2,896
Rape and Mustard	774	735
Sesamum	379	333
Total	4,552	3,964
Non-Edible Oilseeds		
Linseed	425	444
Castorseed	118	108
Total	543	552

The aggregate production of edible oilseeds in the year under review increased by 588,000 tons or 14.8 per cent as compared with 1948-49. That of non-edible oilseeds was, however, worse to the extent of 9,000 tons or 1.6 per cent than in the previous year.

The area and outturn of sugarcane, in terms of raw sugar or gur, declined to 3,641,000 acres and 4,904,000 tons respectively as compared with 3,791,000 acres and 4,993,000 tons, respectively, in 1948-49, showing a drop of 4 per cent and 1.8 per cent respectively.

The quantity of tea produced in 1950 was estimated at 595 million lbs. as against 582 million lbs. in the previous year.

The production of coffee in 1950-51 was estimated at 18,000 tons as compared with 20,500 tons in 1949-50.

The final official forecast of jute showed the area and yield at 1,158,000 acres and 3,117,000 bales, respectively, as against 834,000 acres and 2,055,000 bales in 1948-49. There was thus an increase of 39 per cent in acreage and 51.7 per cent in output.

The final official estimate of cotton for the year 1949-50 placed the area and yield at 11,793,000 acres and 2,165,000 bales, respectively, as compared with 11,293,000 acres and 1,767,000 bales in 1948-49.

The acreage and outturn of raw cotton in 1949-50 according to trade descriptions were as follows:—

	Area (1000 acres)	Production (1000 bales of 392 lbs. each.)
Bengals	887	317
Americans	293	81
Oomras	8,900	449
Broach	548	154
Surti	441	102
Dholeras	1,017	280
Others	4,787	782
Total	11,798	2,165

The final forecast of rice for 1949-50 placed the area and outturn at 71,660,000 acres and 21,913,000 tons as compared with 70,275,000 acres and 21,725,000 tons in the previous season, showing an increase of 2.0 per cent and 0.9 per cent, respectively. That of wheat put the area and yield at 23,627,000 acres and 6,110,000 tons, respectively, as against 21,855,000 acres and 5,472,000 tons for 1948-49. There was thus an increase of 8.1 per cent in acreage and 11.7 per cent in outturn.

The area and outturn of 'jowar' (a major millet) were estimated at 37,438,000 acres and 5,760,000 tons, respectively, as compared with 36,525,000 acres and 5,013,000 tons in the previous year, showing an increase of 2.5 per cent and 14.9 per cent, respectively.

conference in the near future when the United Nations Commission for Indonesia (UNCI) should assist in finding a solution acceptable to both parties.

The Indonesian Foreign Minister, Dr. Rum, stated at the final session of the conference, that his delegation had no powers to accept or reject a proposal of this character. He added, that according to the Agreement of December, 1949, the status quo in Irian had been maintained with the full assent of his government. From December 28th, 1950, this agreement finished and Dutch rule in Irian is maintained against the will of the Indonesian Republic. The delegation from Djakarta made it clear that the Indonesian government regards Irian as part of Indonesian territory.

It is evident that this development has considerably strained Dutch-Indonesian relations, and it is doubtful whether it will be possible to maintain the Dutch-Indonesian Union under the Dutch crown. There has been quite a lot of agitation in Indonesia on this issue and threats of boycotting the Dutch in the former Dutch colonial empire have been announced publicly. It looks as if one more conflict in the Far East is going to make things worse in that troublesome part of the globe.

Diplomatic representatives of both England and India, deeply concerned with the situation, took steps to inform Indonesia and Holland, that a friendly solution of their differences would be in the interests of peace. These steps have not been able to prevent a collapse of the Conference. Both the Dutch and the Indonesians were unable to make any further concessions owing to the internal political situation in their respective coun-

tries, since the Irian question is regarded in both countries as one of national prestige.

Western New Guinea has been looked upon for some time by Dutchmen as a possible outlet for Holland's overpopulation and as an area to resettle many whites and Eurasians from the former Dutch colonies in Asia, who cannot feel at home any more in an independent Indonesia.

The native population of Irian is estimated between four and five hundred thousand, that is about 2 per square kilometre. Little more than a quarter of these are in any contact with or under control of the Dutch civil administration. There is a Dutch governor now at Merauke and at several places civil service posts have been established. Holland is willing to invest a large amount of capital in the development of the area. It is doubtful, however, whether Holland is in a situation to spend a considerable part of its national income on this enterprise and whether it is wise statesmanship to endanger the enormous investments of Holland in Indonesia by hanging on to the burden of a forgotten and hopeless country like Irian. But national prestige, irrational as it may be, is a political reality every government has to deal with and this is true for Holland as well as for Indonesia.

And the Irians themselves? They are the least interested in all the trouble they are causing. They go on shooting game with bows and arrows, fishing in the many rivers of their island and head-hunting occasionally as long as the white man does not interfere. However, this with not last, for civilisation is after them and they will be drawn into it, whether they like it or not.

The estimated area of 'bajra' (another major millet) was 21,461,000 acres, maize 7,837,000 acres, and 'ragi' (a minor millet) 5,416,000 acres, as against 19,914,000 acres, 7,530,000 acres and 5,183,000 acres, respectively in 1948-49, showing an increase of 7.8 per cent, 4.1 per cent and 5.5 per cent, respectively. The estimated outturn of 'bajra' improved by 425,000 tons or 20 per cent to 2,554,000 tons and of maize by 240,000 tons or 14 per cent to 1,959,000 tons. The yield of 'ragi', however, dropped by 7,000 tons or 0.5 per cent to 1,438,000 tons.

The area and outturn of barley were estimated at 7,641,000 acres and 2,198,000 tons, respectively, as against 7,688,000 acres and 2,177,000 tons in 1948-49. There was a drop of 0.6 per cent in acreage and an increase of 1.0 per cent in yield.

The final forecast of grain put area and yield at 20,417,000 acres and 3,909,000 tons, as compared with 20,678,000 acres and 4,580,000 tons in the previous year, showing a decrease of 1.2 per cent and 14.7 per cent respectively.

The total estimated production of the principal foodgrains in 1949-50, as compared with that in the previous year, was as under:

FOODGRAIN PRODUCTION

	(In thousand tons)	1949-50	1948-49
Rice	21,913	21,725	
Wheat	6,110	5,472	
Jowar	5,160	5,013	
Bajra	2,584	2,129	
Maize	1,959	1,719	
Ragi	1,438	1,445	
Barley	2,198	2,177	
Gram	3,909	4,580	
Total	45,841	44,260	

In view of the better crop prospects, the total distribution of foodgrains required from the centre was expected, early in the year, to amount to a little over 2 million tons against the estimated total deficit of 3.5 million tons in the food budgets of State Governments during 1950. The target of food imports was, therefore, fixed at 1.5 million tons as against 3.7 million tons in 1949. Later, however, it was found necessary to alter the previous estimates regarding the imports of foodgrains in 1950 from 1.5 million tons to 2.2 million tons, because of unexpected deterioration in internal availabilities due to unforeseen calamities like abnormal weather conditions, large scale movement of immigrants in Assam and West Bengal, earthquakes etc.

Progress of Self-sufficiency Schemes

The policy of the Government of India is to attain overall self-sufficiency in foodgrains by March 31, 1952. It is expected calamity such as widespread failure of that their imports will stop by the target date, except to meet any grave crops, for replacement due to diversion of crops in national interest and to build up a central reserve. The policy of the Government is to make up an estimated overall deficit of 4.8 million tons, comprising a deficit of 2.4 million tons in rice, 600,000 tons in wheat and 1.8 million tons in millets.

The self-sufficiency schemes are progressing satisfactorily. The additional production, over 1948-49, resulting from

the permanent land improvement schemes and recurring supply schemes executed under the Grow-More-Food Campaign during the period April 1949 to June 1950 was estimated to be 935,000 tons as against a target of 985,000 tons fixed for the year. This represented an achievement of 95 percent of the target.

Irrigation schemes are the main plank of the G.M.F. Campaign and here, too, the progress has been satisfactory. The additional production through irrigation schemes is estimated at 431,000 tons, being 163 percent in excess of the 1948-49 achievement. This improvement is further illustrated by the increase in the number of wells completed in the country. During April 1949 to June 1950, nearly 65,072 wells were repaired as against a target of 118,076 wells fixed for the same period. The achievement in respect of minor irrigation works like dams, channels, tube-wells etc., exceeded the target, the total number of such works completed during this period being reported as 12,953 against a target of 12,004 works planned for the same period.

The machinery for the supply of manures and fertilizers was also improved. The total quantity of chemical fertilisers distributed during the period April 1949 to June 1950 was reported as 154,000 tons as against a target of about 215,000 tons fixed for the same period. The total quantity of oilcakes distributed during this period was reported as 148,286 tons as against a target of 181,627 tons. As the result of the vigorous compost drive in all the States, 3,568,000 tons of compost were prepared in the rural areas against 1,434,000 tons in the previous year. The urban compost distribution during 1949-50 amounted to 876,000 tons as against 721,000 in the previous year. To give a fillip to urban composting, legislation was passed in various States.

The Central Tractor Organisation reclaimed over 79,273 acres during 1950, bringing the total since 1948 to over 183,301 acres. The reclamation work was handicapped by the late arrivals of new tractors. 240 new machines having already been received against the \$10 million loan from the World Bank, the tempo of work is expected to improve a great deal in 1951. The full complement of 375 tractors is expected to go into operation in 1952.

The Central Tractor Organisation scheme calls for a reclamation of over 3 million acres of weed-infested land over a period of six or seven years. A unit of 15 tractors, each equipped with two ploughs, is expected to reclaim 20,000 acres per year. The reclamation targets are: 1951—30,000 acres; 1952—400,000 acres and during 1953-56 approximately 568,000 acres per year. Reclamation of every acre of land means the production of some 9 maunds of extra foodgrains every year.

To ensure that increase in foodgrain production is adequately reflected in the quantities of grain procured for internal distribution, it has been made compulsory for State Governments to undertake that at least 50 percent of the additional production from the Grow-More-Food schemes in intensive cultivation areas will be procured. In fact no State which

does not concentrate its grow-more-food activities on the intensive cultivation areas would be eligible for financial assistance from the Union Government.

A sum of Rs. 56,643,831 was paid to State Governments as food procurement bonus during 1949-50 which was required to be spent on approved schemes intended to increase production and procurement of foodgrains. The quantity of all foodgrains procured by the middle of December 1950 totalled 4,317,200 tons as against a target of 5,372,000 tons for 1950.

In order to tide over the shortage, the production and consumption of subsidiary foods were encouraged by the Subsidiary Food Production Committee set up by the Government of India in May 1949. It was felt that a change in the food habits of the people and their taking to supplementary foods would go a long way in meeting the food deficit in the country. This Committee was replaced by the All India Women's Food Council in August 1950 to organise a vigorous popular drive to encourage the production and consumption not only of subsidiary foods but also of supplementary foods such as tubers, vegetables and seasonal fruits through propaganda, exhibitions or specially organised cafeterias.

The Grow-More-Food Campaign aims at attaining food self-sufficiency by March 31, 1952. In furtherance of the Grow-More-Food Campaign, it is necessary to coordinate the activities in the whole sphere of agricultural production. With this end in view, the integrated production programme has been launched. It involves such a degree of coordinated development of an area that all resources of land and water, of livestock, scientific aid and equipment, and of facilities of farm and farm worker are fully developed. Thus the integrated production programme fits the needs of the moment into a large pattern without either underrating the present crisis or being merely a crisis programme losing sight of all else. Under this the country has been divided into eight zones, with a special officer in charge of each to see that Central attention and aid are made readily available. The Agriculture, Food and G.M.F. departments are coordinated each under an Emergency Committee. Many States have also appointed similar Emergency Committees.

The Colombo Plan & Prospects

A six-year programme for the economic development of South and South-East Asian countries has been emphasised in the Report of the Colombo Plan for Cooperative Economic Development in South and South-East Asia. On the agricultural side, India will concentrate on the completion of its three multi-purpose projects, viz, the Damodar Valley, the Hirakud and the Bhakra-Nangal. Another major item on the agricultural development programme is the Integrated Crop Production Plan launched by the Government of India. Increased production of crops at the end of 1956-57, as a result of the schemes approved, will be 3 million tons of foodgrains, about 195,000 tons of cotton, 375,000 tons of jute and 1.5 millions tons of oilseeds. It is, therefore, expected that, at the end of the

THE INDIAN BUDGET

In the course of a press conference statement on October 31, 1950, explaining the financial implications of the Colombo Plan and the need for external capital to implement it, the Hon'ble Sri C. L. Deshmukh, Finance Minister, gave an indication of the financial policy for the coming months. "In order to induce the supply of external capital," he said, "we have to concentrate first on putting our own economy on a sound footing. This involves the making of an all-out effort to correct the budgetary disequilibrium and to augment internal resources so as to be able to finance our developmental plans to the maximum extent possible. The restoration of some sort of budgetary equilibrium and improvement in the balance of payments position have a vital contribution to make in our efforts to combat inflation and to hold the price level. We are already engaged on an examination of the possibility of economy in Government expenditure. We are also exploring the possibility of increasing our resources. A little later in the year, we shall have occasion to review our programme of capital expenditure with due regard to essentiality priorities. These three objectives will engage our attention in the coming months."

What were the budget anticipations at the beginning of the year? In the budget estimates for 1950-51, presented to the Parliament by the Finance Minister on February 28, 1950, it will be recalled that a surplus of Rs. 13.1 million in the revenue budget was visualised, after the following main taxation adjustments, among others;

(1) Tax relief of about 83.2 million with no proposals for fresh taxation; (2) Abolition of Business profits tax; (3) Reduction in Company Income-tax by one anna with a concurrent increase in Company Super-tax by half anna, with the object of encouraging investment in new enterprises; (4) No further extension of limitation of dividends Act; (5) Reduc-

tion of tax by half an anna on the slabs of income between Rs. 10,000 and Rs. 15,000 and by an anna on slabs of income in excess of Rs. 15,000 as a measure of relief to the middle class and stimulating further savings and investment; and (6) Abolition of distinction between earned and unearned income for Super-tax.

Thus, by judicious adjustments in the tax structure incentives were provided for economic development. The abolition of Business Profits Tax, the non-extension of the limitation of Dividends Act and other concessions to Big Business were intended to encourage expanded investment by them in business undertakings. The tax reliefs to lower income groups were designed to encourage saving and investment by the middle class. This aspect of the taxation policy of the Government was stressed by the Finance Minister in his recent speech at the annual meeting of the Associated Chambers of Commerce. "So far as taxation is concerned," he said, "everything possible has been done with a view to giving the necessary incentive to trade, industry, commerce and, what is more important, capital formation. The rigors of war-time taxation has been considerably softened during the last few years. There has been a progressive reduction in the rate of Income-tax and Super-tax at all levels of income and it is hoped that industry will take full advantage of this favourable tax situation."

Income and Expenditure

At the time the budget estimates were presented, at the existing level of taxation revenue for the current year was estimated at Rs. 3,475 million and expenditure on revenue account at Rs. 3,378.8 million having a surplus on revenue account of Rs. 95.2 million. Defence Services were expected to cost Rs. 1,680.1 million; capital outlay on them was proposed, in addition, to the tune of Rs. 81.5 million. Civil estimates amounted to Rs. 1,698.7 million. The capital budget provided Rs. 620 million for capital outlay and Rs. 430 million for loans and advances. Development programmes included Rs. 194.9 million for Railways, Rs. 56.4 million for Posts and Telegraphs, Rs. 190 million for River Valley Schemes and Rs. 96.3 million for industrial development. The ways and means position anticipated borrowings from the market to the tune of Rs. 750 million.

As a result of certain modifications in the Finance Bill in the Parliament, which chiefly entailed a reduction of Rs. 5.5 million in the estimate of receipt under "Taxes on Income other than Corporation Tax," the estimated surplus was reduced to Rs. 7 million.

During the seven months, April to October, 1950, the grand total of gross Customs and Union Excise Revenue realised was Rs. 1,165.0 millions. Of this amount, import duties accounted for Rs. 517.7 millions, export duties for Rs. 125.9 millions, land customs and miscellaneous for Rs. 38.6 millions and Union Excise duties for Rs. 427.8 millions. Of the import duties, motor spirit accounted for

Rs. 116.7 millions, motor vehicles for Rs. 59.5 million, raw cottons for Rs. 46.5 millions, machinery for Rs. 34.8 millions, kerosene oil for Rs. 33.4 millions, tobacco for Rs. 25.6 millions, betelnuts for Rs. 25.0 millions, iron and steel for Rs. 19.8 millions, artificial silk yarn and thread for Rs. 15.3 millions, batching fuel and lubricating oils for Rs. 11.8 millions, wines and liquors for Rs. 7.6 millions, woodpulp, paper and stationery for Rs. 7.3 millions, dyes derived from coal-tar and coal-tar derivatives for Rs. 1.8 millions, railways plant and rolling stocks for Rs. 4.6 millions and raw silk and cycles (other than motor cycles) and parts thereof for Rs. 4.3 millions each.

Of the export duties, jute—raw and manufactured—accounted for Rs. 62.4 millions, tea for Rs. 25.1 millions, black pepper for Rs. 22.7 millions, manganese ore for Rs. 5.9 millions and raw cotton for Rs. 4.3 millions. Of the excise duties, tobacco accounted for Rs. 165.3 millions, tea for Rs. 71.2 millions, cotton cloth for Rs. 58.2 millions, matches for Rs. 44.3 millions, sugar for Rs. 34.4 millions, tyres for Rs. 20.7 millions, vegetable product for Rs. 12.6 millions, motor spirit for Rs. 9.6 millions and coffee for Rs. 4.7 million.

The position vis-a-vis actuals of the previous and estimates of the current, was as follows:—

Particulars	1949-50 Actuals	1950-51 Esti- mates	Seven months Apr.-Oct. 1950
			(Million Rs.)
1. Sea Customs: Imports:			
a. Revenue duties ..	920	791	542
b. Protective duties ..	75	36	28
Total Import duties:			
(incl. others)	1,002	832	572
2. Sea Customs: Exports	251	250	127
3. Land Customs	24	20	30
4. Miscellaneous	14	13	8
Total Customs revenue			
(Gross)	1,291	1,115	737
Total Customs revenue			
(Net)	1,241	1,065	720
Union Excise Duties			
(Gross)	708	718	428
Union Excise Duties			
(Net)	697	715	422

Deficit Budgeting and Prices

It would be relevant to consider the question whether deficit budgeting in India has had an effect in influencing the cost of living index in an upward direction. This point has been considered and answered by the Finance Minister in his Associated Chambers' speech already referred to. He says: "It is true that there have been deficits in the capital budget since 1946-47 to the tune of about Rs. 500 crores. But during the same period, there have been deficits in the country's balance of payments also which have reduced the external assets of the Reserve Bank of India by Rs. 800 crores, which is higher than the deficit in the Central Government's budget. It would therefore be wrong to attribute an inflationary effect to the deficits of the Central Government. This is further corroborated by the fact that there has been no rise in the figure of notes in circulation in the country. I recognise that, if the deficit financing could have been avoided altogether, the effects of the adverse balance of payments position during the last few years would have been positively disinfla-

period, the per capita distribution of foodgrains in rationed urban areas will be 16 oz. as against 12 oz. at present.

As a result of natural calamities, the food position in the country has received a set back. Apart from internal difficulties, the international situation has been growing difficult, affecting both availabilities and shipping. It was, therefore, decided at the Food Ministers' Conference held in December 1950 that all possible steps should be taken in accordance with a unified policy and direction to meet the difficult situation during 1951. It was also decided that arrangements for the distribution of foodgrains must continue to be controlled and directed with suitable adjustments.

The imports for 1951 have been fixed at 3.7 million tons. The target of additional food production in 1950-51 has been fixed at 2.3 million tons. The production of foodgrains is receiving the highest priority, but simultaneous steps are also being taken to increase cotton and jute cultivation.

tionary. The alternative to this deficit financing of budget would have, however, been discontinuance of the rehabilitation of Railways and the few important works which are being undertaken at the public sector. Further, a substantial part of the budget deficit was due to the settlement with the U.K. for stores and equipment badly needed for the Defence Services and the pensionary liabilities of the Government of India. I cannot, therefore, accept the statement that deficit financing by the Government has been the main cause for the increase in the cost of living."

Financing the Colombo Plan

India is a major participant—in finance and benefits. The total finance involved is £1,868 million, of which India's share

is £1,379 million. The sources of financing are internal and external; so far as India is concerned the former amounts to £772 million and the latter to £607 million. The Plan suggests five methods of external finance. They are:—1. Out of the foreign assets which the countries in the area themselves possess, in particular the sterling credits which some of them built up in London during the war. The estimated withdrawal of India would be to the tune of £210 million. 2. Out of the money put up by private investors abroad for use of private enterprise in the area. 3. Out of money by private investors abroad to the Governments in the area. 4. Out of loans from the International Bank for Reconstruction and Development. 5. Gifts and loans from

Governments outside the area to Governments inside it.

The Government of India have laid great stress on the need of an adequate supply of external capital. Its absence, it is pointed out will lead to deleterious consequences: "In that event," says the report on the plan, giving the views of the Government of India in the matter, "India would have to face at the same time the problem of counteracting inflation and the necessity of carrying out a modicum of development within the resources at its command. This would inevitably entail a drastic curtailment of imports and possibly the abandonment of some development projects already under way. It might also require, apart from any possible economy in expenditure, the raising of taxes to levels which

are bound to cause further hardship. If it becomes necessary to resort to a certain amount of deficit financing to carry out a minimum programme of development the existing fiscal and financial controls would have to be intensified and expanded. In present conditions in India, this would present formidable difficulties.

"Such a rigorous management of the country's economy would be likely to lead to unemployment, to reduce trade with the rest of the world and to lower business activity. No noticeable improvement in living conditions would be possible and there might be deterioration. This is bound to react unfavourably on the economic and political conditions of the country, especially, in the prevailing social and political atmosphere in South and South-East Asia."

Release of Sterling Balances

On the question of the future use of sterling balances, the Finance Minister made an important statement in Parliament on December 7, 1950, in which he said that arrangements had been made to release £210 million from Sterling Balances during the six years beginning July, 1951. He stated: "The House is aware that the present Sterling Balances Agreement, entered into in July 1948, will terminate on the 30th June 1951. As a result of my recent discussions with Mr. Gaitskell, Chancellor of Exchequer in the U.K. Government, the two Governments have now agreed on the broad outlines of a new agreement to be formally concluded in due course. The contemplated agreement will provide for a release up to £35 million from our sterling balances in each of the six years beginning with the 1st July 1951. Provision will be made for a measure of flexibility by stipulating that any part of the amount not drawn in a particular year will be carried forward and added to the releases for later periods. Further, the two Governments will consult together, if in any year the Government of India find it necessary to exceed the release of £35 million and to draw upon the releases for subsequent periods, by more than £5 million."

"The latest balance in our sterling account is £619 million. Of this a certain amount will be utilised under the present agreement before the 30th June 1951, to meet the probable deficit in our balances of payments over the next few months. A part of our sterling balance will have to be maintained over a long period as a currency and exchange reserve. Having regard to all these considerations, the Government of India are of the view that the proposed scale of releases over a period of six years is in the best interests of the country."

During its recent session, the Parliament, on December 21, 1950 voted supplementary grants, in the general budget aggregating Rs. 400 million. Of this sum, Rs. 211 million related to Defence, including Rs. 45 million Defence Capital Expenditure. The rest related to Civil Departments like Posts and Telegraphs, Rehabilitation, Centrally Administered areas, External Affairs, Agriculture, Currency and Stamps, etc.

Ceylon's Foreign Trade (Jan/March 1951)

There was a favourable Balance of Trade amounting to Rs 183,373,000 during the first three months, this year. This figure exceeds the balance, also favourable, during the corresponding period last year by Rs 123,000,000.

The total value of imports and exports during this period was as follows: Imports—Rs 350,420,186; Exports—Rs 534,132,642. Of the exports, the value of domestic exports was Rs 514,866,346 as compared with domestic exports of the total value of Rs 282,268,195 during the same period, last year.

The principal sources of imports were: United Kingdom—Rs 70,622,854; India—Rs 62,431,043; Burma—Rs 53,667,228; Australia—Rs 29,743,529; and Japan—Rs 18,943,075. The value of imports from Commonwealth countries and British Possessions was Rs 211,245,413 while those from foreign countries totalled Rs 139,174,773.

The principal buyers of Ceylon commodities during this period were: United

Kingdom—Rs 129,022,906; U.S.A.—Rs 77,368,719; Italy—Rs 39,476,872; Holland—Rs 28,982,766; Canada—Rs 27,497,369; Germany—Rs 27,318,821; Australia—Rs 24,614,303; Union of South Africa—Rs 10,777,160; and Belgium—Rs 14,963,101. Purchases by Commonwealth Countries and British Possessions totalled Rs 238,172,755. Purchases by foreign countries were of the total value of Rs 276,693,591.

Of the domestic exports, the value of rubber exports alone totalled Rs 215,943,685 as compared with Rs 62,942,296 during the same period last year. Exports of Food and Drink, of which tea is the main item, were of the total value of Rs 216,037,736.

The imports were made up as follows: Food, Drink and Tobacco—Rs 157,248,474; Raw Materials and nomanufactured articles—Rs 36,911,309 and Manufactured articles—Rs 155,759,816. Under Food, Drink and Tobacco, grain and flour imports alone totalled Rs 91,534,880.

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HONGKONG REGISTRAR GENERAL'S REPORT

For the Year ending March 31, 1950

LAND REGISTRY

Deeds Registration. For the third successive year the total number of instruments registered under the Land Registration Ordinance, 1844, has surpassed all previous records. The total for 1949/50 was 6,814, which compares with 6,779 in 1948/49 and with a yearly average of 3,897 for 1934/39.

There has however been some falling off, as compared with the figures for last year, in the total number of Assignments and Mortgages registered, the number of Assignments having fallen by 255 (9½%), and Mortgages by 283 (17%). The aggregate amount of the consideration stated in the various instruments registered in the Land Office in 1949/50 showed a corresponding diminution the total figure being \$284,575,573.35, which represents a decline of 9½% as compared to last year's record total of \$314,678,956.77.

In the case of Re-assignments of Mortgages however the figures show an increase of 269 (21%) as compared to the previous year and the number of Miscellaneous Documents also shows an increase of 252 (32%). Notwithstanding this increase in the number of Re-assignments of Mortgages the total amount due under Mortgages registered (i.e. according to the amount of the Mortgage loan as stated in the documents themselves) showed a net increase of some \$33,000,000. The increase in the total number of Miscellaneous Documents is accounted for chiefly by an increase of 235 in the number of Verandah and Balcony Undertakings under the Buildings Ordinance, 1935.

Crown Leases. The number of Crown Leases issued in 1949/50 showed a substantial increase over the number for 1948/49, the figures being 247 and 86 respectively. There was a corresponding increase in the aggregate amount of fees collected under this head, the total being \$32,665 as compared with \$10,045 for the previous year.

Surrenders. 40 Deeds of Surrender affecting a total of 55 lots were registered as compared with 18 Deeds affecting 22 lots in 1948/49. The total consideration paid being \$20,799.00 as against \$76,746.00 in the previous year.

Fees. The aggregate amount of Land Office fees collected (exclusive of fees collected in the District Land Office of the New Territories) amounted to the record figure of \$220,833.00 representing an increase of approximately 23% on the previous year's record total of \$179,533.60, and 132% over the 1939 total of \$94,832.00.

In the New Territories Land Registration fees amounted to \$61,168.70 as compared with \$53,717.50 in the previous year. Crown Lease fees totalled \$90, and the aggregate amount of Stamp duty paid on documents there was \$278,069.

Stamp Duties. The total amount of Stamp Duties paid on instruments registered was \$5,457,563.05, a decline of 31% from the previous year's figure of \$7,940,678.44, and of 43% from the 1947/48 record total of \$9,644,078.21. This compares with \$269,869 in 1939. This decrease as compared with the two previous years is attributable (a) to the fact that the Excess Stamp Duty on land sales under the Stamp Ordinance 1946 in force up to September, 1948 which had been 10 percent was reduced to three percent by the Stamp (Amendment) Ordinance 1948 which also provided that the excess duty should not be payable upon property which had already borne the excess Stamp duty payable under the earlier enactment, and that the amendments made by the Stamp (Amendment) Ordinance, 1948, were in force throughout the whole year as compared with only seven months in 1948/49; (b) to a decline in property values from their peak in 1948; and (c) to the falling off in the number of individual land transactions.

Crown Rents. The number of lots on

the Hongkong and Kowloon Rent Roll was 13,657, an increase of 391 on the previous year's figure of 13,266, and the total Crown Rents amounted to \$932,445.71, an increase of \$70,043.63.

There have been few changes in the Village Crown Rent Roll. The number of lots has decreased by 10 to 1,912, and the total Crown Rent by \$32.95 to \$1,239.60.

During the year the Crown Rents of 260 sections of land were determined under the Crown Rents (Apportionment) Ordinance, 1936, and a total of \$3,051.00 was collected in fees for such determinations. These figures compare with the previous year's figures of 192 sections, and \$2,572.00 for fees.

Airfield (Kai Tak) Extension & Reversion Ordinance, 1948. The settlement of claims under this Ordinance formed one of the many additional burdens upon the Land Office, in a year in which the pressure of work generally has been extremely high. The Japanese having called for the surrender of all title deeds when paying out the meagre compensation allowed by them for the land resumed, the vast majority of claimants were unable to produce any title deeds to the Land Office in support of their claims to the further compensation to which they became entitled under the present Ordinance. Each such case had therefore to be exhaustively investigated to establish the claimant's identity and his title to the property. By the end of the

year under review the bulk of the work had been completed, and out of 444 claims received in the Land Office (which figure did not include claims falling under the jurisdiction of the New Territories Land Office) 399 had been paid in cash, and 13 more had been passed for settlement by grants of land in lieu of cash. The total of compensation paid out by the Land Office was \$2,688,553.08, and this added to \$498,914.00 paid by the New Territories Land Office on claims submitted there brings the grand total of compensation paid under this Ordinance during the year to \$3,187,467.08.

Wing Lee & Bridges Streets Resumption. A considerable area in Wing Lee and Bridges Streets was heavily damaged as a result of bombing during the war. Included in the property damaged was a large retaining wall, and as (a) the possibility of the collapse of this wall constituted a serious danger to houses and land in the vicinity, (b) determination of the ownership of the wall and consequent liability for the maintenance thereof was a matter of extreme difficulty and (c) proposals for development of portions of the area for public purposes would in any event have necessitated resumptions, the whole area affected was resumed under the Crown Lands Resumption Ordinance, 1900. A Compensation Board awarded on 27th July, 1949, the sum of \$141,933.55 as compensation to the various owners concerned.

Liquidation. Companies dissolved during the period: 29.

Companies commencing liquidation prior to 1/4/49 but not completed by 31/3/50: 53.

Companies commencing liquidation during the year but not completed by 31/3/50: 27.

Reconstitution of pre-war records. Satisfactory progress has been made with the work of the reconstitution of the lost pre-war records pursuant to the provisions of the Companies (Reconstruction of Records) Ordinance 1947 but there are still a large number of companies which have not complied or only partly complied with the requirements of that Ordinance.

Prosecutions. Due to widespread disregard of the provisions of the Companies Ordinance, 55 prosecutions for breaches of the provisions of the Companies Ordinance 1932 were undertaken during the period, the total fines imposed being \$15,860.00.

TRADE MARKS REGISTRY

The number of pre-war trade marks which have been registered in the new Register during the year under the provisions of the Trade Marks Register (Reconstruction) Ordinance, 1947 was 1,458. The number of new trade marks registered was 1,516. On the 31st March, 1950 the total number of all trade marks registered was 5,541.

Fees collected during the year amounted to \$76,925.03.

OFFICIAL RECEIVER IN BANKRUPTCY

Bankruptcy Petitions filed: (a) Debtors' 2; (b) Creditors' 1. Receiving Orders made 1. Petitions withdrawn 2.

Official Receiver's Commission for the period \$6,213.92. Amount in Bankruptcy Estates Account as at 31/3/50 \$1,029.59. Amount in Official Receiver's Account as at 31/3/50 \$52,910.03. Amount in Companies Liquidation Account as at 31/3/50 \$11,644.93.

OFFICIAL TRUSTEE

The number of Trust Estates in the hands of the Official Trustee during the period was eight. The invested funds totalled \$127,218.18, (including the sum of £1,850 invested in the United Kingdom) producing an income of \$5,089.15. No new trusts were opened during the year and no existing ones were closed. The amount of commission collected was \$88.15.

GENERAL

The office of Registrar General was established under the Registrar General (Establishment) Ordinance 1949 with effect from April 1st 1949, and this is accordingly the first year of the operation of the new department. The various sections of the department are under the immediate control of three professionally qualified legal officers appointed as Deputy Registrars General, the officers to perform these duties being at present provided from the personnel of the Legal Department by arrangement with the Attorney General.

Land Office Fees Collected during 1934 to 1949/50

Year	Registration of Deeds	Searches & Copies of Documents	Grant of Leases	Total
1934	67,345.00	6,893.25	35,850.00	110,058.25
1935	16,133.00	6,811.50	25,270.00	93,214.50
1936	59,310.00	6,296.75	33,960.00	99,566.75
1937	47,887.00	8,639.50	39,760.00	96,286.50
1938	54,332.00	10,258.75	27,360.00	91,950.75
1939	57,729.00	11,433.00	25,670.00	94,832.00
1946/47	72,398.00	17,506.30	1,080.00	90,984.30
1947/48	105,560.00	16,624.50	360.00	122,544.50
1948/49	141,969.00	27,519.60	10,045.00	179,533.60
1949/50	156,217.00	31,951.00	32,665.00	220,833.00

MARRIAGE REGISTRY

The number of marriages celebrated in the Colony during the year (1.4.49—31.3.50) was 2185 (of which 1918 were between Chinese persons) as compared with 2951 (and 2479) respectively in 1948—a decrease of 766.

The total amount of fees received under the second schedule of the Marriage Ordinance 1875, and the Marriage (War Period) (Validity) Ordinance 1948, was \$21,295.00 compared with \$30,377.00 in 1948—a decrease of \$9,082. The decrease is mainly accounted for by the lesser number of marriages.

Marriages Solemnized & Fees Collected

Year	No. of Marriages Solemnized	Total Amount of fees Collected \$ cts.
1934	325	3,327.90
1935	368	3,197.00
1936	375	3,168.00
1937	421	3,286.00
1938	544	5,081.00

1939	781	7,439.00
1946	860	9,691.00
1947	2,864	26,537.00
1948	2,951	30,377.00
1949	2,185	21,295.00

COMPANIES REGISTRY

Registration. 276 new companies were incorporated here during the year and 38 foreign corporations were registered during the same period. At the 31st March 1950 the total number of local companies registered was 2,356 and the total number of foreign corporations was 431.

Fees. The total amount of the fees collected during the period was \$141,021.62.

Deposits. The aggregate amount of the deposits held from Insurance Companies Deposit Ordinance 1917 as at the 31st March, 1950 was \$6,758,357.90. On the same date the total amount of the deposits under the Life Insurance Companies Ordinance 1907 was \$1,753,541.42.

HONGKONG AVIATION RETURN for May 1951

	CIVIL AIRCRAFT		PASSENGERS		MAIL (Kilograms)		FREIGHT (Kilograms)	
	Arrivals	Departures	In	Out	In	Out	In	Out
Monthly averages for 1948	595	—	9,592	9,382	13,726½	13,649½	42,920	100,986
Monthly averages for 1949	1,062	1,057.5	12,246	13,312	13,842	14,576	237,690	272,656
Monthly averages for 1950	223	223	2,722	3,452	12,767	15,803	65,912	111,645
1951: January	246	248	2,718	3,789	23,342	26,701	119,113	123,201
February	205	212	2,436	3,197	25,574	26,468	112,569	102,997
March	213	212	2,632	3,812	26,501	33,995	152,988	112,051
April	210	207	2,375	3,361	17,788	17,456	144,520	82,795
May	230	236	2,510	3,929	19,689	17,310	116,158	88,978
Totals	1,184	1,115	12,668	18,088	112,894	121,930	645,338	510,022

January-May 1951:

Grand totals:—Aircraft in & out: 2,219; passengers: 30,756; mail: 233,824 kilos.; freight: 1,155.3 metric tons.

HONGKONG AVIATION REPORT FOR MAY 1951

	Arrivals			Departures		
	Passen- ger	Mail (Kilos)	Freight (Kilos)	Passen- ger	Mail (Kilos)	Freight (Kilos)
United Kingdom	72	4,848	5,114	372	3,736	2,138
Europe	76	289	28,303	172	674	1,430
Middle East	40	141	1,729	95	440	1,352
Calcutta	57	271	1,665	102	183	991
Rangoon	15	92	64	60	174	7,122
Singapore	282	2,333	22,550	344	4,956	14,606
Bangkok	375	715	30,586	553	456	6,531
Indochina	539	736	6,866	450	886	3,870
Philippines	453	350	4,837	496	772	5,809
Japan	280	8,518	7,005	361	1,483	13,585
U. S. A.	39	42	2,270	258	1,542	741
Australia	19	95	395	68	363	1,185
Formosa	245	1,109	4,740	353	1,237	25,408
Honolulu	15	—	5	70	52	3,881
Canada	3	150	29	175	356	329
Total	2,510	19,689	116,158	3,929	17,310	88,978

Total aircraft arriving: 230.

Total aircraft departing: 236.

Hongkong Trade Controls

In compliance with the spirit of the United Nations resolution on the selective embargo of strategic materials to China passed on May 18 of this year, and the establishment by the British Government of control by licence over exports to China and to Hingkong, this Colony in cooperation with Great Britain and all other Colonies has arranged to exercise similar export-import control over an agreed list of strategic materials.

The new controls will be enforced as from June 25 under two new Exportation and Importation (Prohibition) (Specified Articles) Orders, 1951, which extend to some degree, by employing more comprehensive descriptions of specified articles, the controls already being exercised in the Colony under the three previous Orders which were brought into operation in 1950 and are revoked under the new Orders.

Goods of a non-strategic nature, such as dyestuffs, textiles and fertilisers, are not included in the Orders, nor would transit cargoes be interfered with.

In future, import licences will be required for all items on the new schedule, and these will only be granted in the following cases: a) for local consumption, when an Essential Supply Certificate will have to be procured; b) if the goods are required for re-export. Goods imported for re-export will be directed on arrival to specified godowns and will be held there until an export licence is produced against

which they will be released for re-export.

Export licences will be furnished upon proof of the sale of the goods required to an approved destination provided the goods are not in short-supply in Hongkong.

The list of articles the export of which is prohibited except under licence comprises 13 headings: arms, ammunition and implements of war, including aircraft and engines; atomic energy materials and equipment; petroleum products, naphtha, mineral spirits and solvents; transportation materials; metals, minerals and their manufactures; rubber and rubber products; chemicals; chemicals for use in exploiting mineral deposits and ores; catalysts for use in manufacture of nitric acid; chemical and petroleum equipment and plant; electronic (including radio and radar equipment; precision and scientific instruments; various types of other machinery and accessories.

The list of articles the export or import of which is prohibited except under licence comprises 13 headings:

Arms, ammunition and implements of war, including aircraft and engines; atomic energy materials and equipment; petroleum products; transportation materials; metals, minerals and their manufactures; rubber and rubber products; chemicals; chemicals for use in exploiting mineral deposits and ores; catalysts for use in manufacture of nitric acid; chemical and petroleum equipment and plant; electronic (including radio and radar) equipment; precision and scientific instruments, various types of other machinery and accessories.

COMMERCIAL ITEMS

Postal Facilities to South Korea

The Hongkong Postmaster-General has announced the re-opening of the registration service to Pusan and to all South Korean destinations as far as conditions will permit.

Philippine Controls

Under an executive order dated June 19th, the shipment of strategic materials to Communist countries is prohibited and the exportation of materials considered essential to the Government's economic development programme is controlled.

Complete prohibition is imposed upon the exportation of arms, ammunition, aircraft, vessels, and other war equipment, ferrous and non-ferrous scrap metals and various essential imported products.

An Export Control Office is established under the order for the purpose of controlling the export of certain local products such as abaca, copra and iron ore.

Vegetable & Fruit Exports from Canton

The lack of certain fruits from Canton, such as laichees which are usually in plentiful supply in the Hongkong markets at this time, and a shortage in the quantity and variety of vegetables received is accounted for in the Chinese press by the length of time required to obtain the foreign exchange necessary under the import and export restrictions enforced by the South China authorities. The delay caused leads to deterioration in these foodstuffs before shipment can be effected.

U.S.A. Trade with Asia & Australasia

According to trade statistics compiled by the U.S. Dept. of Commerce imports and exports exchanged between the United States and countries in Asia and Australasia during January 1951, as compared with the monthly average for 1950, were as shown below. Imports cover goods received from the U.S. and exports are

SHANGHAI-MALAY RUBBER ESTATES, LTD.

At the annual meeting of the Shanghai-Malaya Rubber Estates, Ltd., held last week, it was shown that the Estate had made a profit of \$191,518 on the past year's working. As the Company was, however, heavily in debt to the Rubber Trust, Ltd., no dividend was declared and the Chairman, when giving his report, urged the Company to go into voluntary liquidation.

The year's profit was a great improvement over last year when a loss of \$102,557 was made. The output during the past year was, however, disappointing due to abnormal rainfall which had interfered with tapping. Serious bandit interference had also disturbed routine work, but it is hoped that the measures taken by the Security Forces will help to improve the general position.

The Chairman pointed out to shareholders that they had already received a notice calling an extraordinary meeting to

consider placing the Company in voluntary liquidation and authorising the Liquidators to adopt an amalgamation agreement with The Rubber Trust, Ltd., which he considered to be in the best interests of the Company.

Rubber Estates Outputs

The following details as to outputs of rubber estates for May 1951 are supplied by Messrs. A. R. Burkill & Sons Ltd.:

	Output for May	Total this Financial Year to date lbs.	Estimate this Financial Year
Bute	60,500	320,000 (5 mths.)	870,000
Consolidated	66,600	473,700 (5 ")	1,350,000
Dominion	48,300	242,600 (5 ")	740,650
Kota Bahroe	57,500	768,500 (11 ")	800,000
Sungei Duri	53,000	747,500 (11 ")	820,000
Shanghai			
Pahang	30,300	431,500 (11 ")	578,000
Shanghai			
Kedah	87,346	760,813 (8 ")	1,200,000
Tanah Merah	72,010	144,920 (2 ")	1,100,000

HONGKONG COMMODITY MARKETS

Transactions in certain lines such as Metals and Industrial Chemicals almost came to a standstill last week with the announcement of the increased export/import controls imposed in Hongkong following their introduction in Great Britain and Malaya.

A rush took place to get such goods as were covered by the controls out of the Colony in as large quantities as possible, and rail, junk and steamship transportation was used to the full in an endeavour to despatch such items as machine and automobile spare parts, steel plates, rods and wire over the border to await despatch to Canton, or to Macao where storage space is packed to capacity and the use of lighters as temporary floating godowns is being considered. By rail alone, it has been estimated that over 10,000 tons of goods have taken to the border.

Dealers in Pharmaceuticals were relieved to find that their particular line of goods was not included in the list of controlled commodities. Others such as in Metals and Industrial Chemicals, are waiting to see how rigidly the controls will be enforced before making further importations.

As for China products, of late a decreased turnover has become noticeable, following the setting-up of joint trading

in Canton, the raising of export floor prices and the reduction in shipments to Hongkong; this latter reduction being due to the tightened export controls in the Colony which have reduced the number of items that can be utilised for barter under the South China trade regulations.

* * *

Cotton Yarn

Buying orders from Rangoon in the early part of the week brought activity into the market for Hongkong-made yarns. Enquiries were also received from Great Britain and Pakistan which resulted in transactions involving mostly 12's, 16's & 20's. The turning of Pakistani dealers to the H.K. for cotton yarn, notwithstanding the trade agreement between that country and India, has created hopes of placing Pakistan on the export list for locally-manufactured yarns. Hongkong 20's White Elephant sold at \$2035 per bale in local transactions, Yacht brand fetched \$2050, Golden Peak sold at \$2100 per bale. Indian yarns continued in a depressed state. At the close, Bijli Mills 10's were transacted at \$1430 per bale and Madura Mill 20's fell to \$2100 per bale.

Industrial Chemicals

The Industrial Chemicals market turned cautious with the announcement of the Hongkong import/export controls. Practically all items showed a decline in price, except where stocks were low. Dinitrochlorobenzene, used in processing rubber, was disposed of at \$3.70 per lb. U. S. Caustic Soda sold at \$430 per drum of 700 lbs. Dutch Vaseline, yellow, in 400-lb. drums changed hands at \$1.22 per lb.; while the U.S. product in 377-lb. drums rose to \$1.50 per lb. as a result of sudden demands added to low stocks, the price later falling to \$1.48. Crown brand Quebracho Extract, with considerable buying support rose to \$1.88 per lb., although some offers were at \$1.85 per lb. Sodium Sulphide Hand in Hand brand sold at \$570 per ton.

Metals

The recent tightened controls imposed by the Hongkong Govt. caused some speculation as to the future of the local Metals market, but at the close the new regulations had not been sufficiently digested to give more than an indication as to the extent to which trade would be affected. Advances from Great Britain that exporters could not obtain export licences on certain goods, such as tinplate and corrugated iron sheets en route to Hongkong from West Europe via Britain added to the general feeling of uncertainty.

Mild Steel plates were in demand during the week, but with the possibility of stricter export controls being enforced owners became eager to release their holdings. This resulted in decreased prices: 4'x8', 1/16" dropped from \$200 per picul to \$195; 3/32" was quoted at \$185 per picul; 1/2" sold at \$130 and 3/16" to 1/2" were quoted at \$128 per picul. Prices for Mild Steel Round Bars remained firm throughout the week, although demand was small due to the lack of outlets: 40', 1/2" were quoted at \$62 per picul, while 1/2" rose to \$88 per picul; the average price of 20', 1/2" to 1" was \$60 per picul.

Galv'd. Iron Sheets had the heaviest fall, 3'x7' G31 dropping from \$25 to \$23.50 per sheet; buyers, however, notwithstanding the low price, were lacking. Galv'd. Iron Wire, requiring a special permit for sale to China, showed a decline: G8 was quoted at \$97 per picul, G10 at \$98, G12 at \$106 and G14 at \$117; G20 fell to \$160 per picul, but G24 rose to \$215 on account of depleted stock.

USA Tinplate Waste, Waste, 18"x24", coked, 200-lb. packing improved to \$320/\$325 per case, while electrolytic went up to \$295 per 200 lbs., but transactions were few. USA Tinplate Waste Ends 3" up to 10" electrolytic were transacted at \$285 per 200-lb. case, while coked was transacted at \$260. Black Plate Waste, Waste, G29-33 sold at \$170 per picul.

China Produce

Sales to Europe totalled 150 long tons of Wood Oil (Tung Oil), at the new price of £290 per long ton c. & f. Europe, following the increased export floor price in China. On the local market the nominal price for export quality in bulk was raised to \$263 per picul and that of unrefined to \$261 per picul, but very little business was transacted at these figures. For Teaseed Oil, the European buying offer c. & f. having been lowered to £275 per long ton, the local price fell to \$254 per picul, but without attracting buyers. Cassia Oil had very few sales, the price ranging from \$2340 to \$2280 per picul. Aniseed Oil had a few transactions at \$1140 per picul.

Cassia Lignea showed some activity, and the price of West River 1-cwt. bale (new) 1st qual. rose to \$94 per picul while the 80-lb. bale (new) stood at \$92 per picul; loose packing (new) had sales at \$82 per picul. Hankow Gallnuts after rising to \$126 fell to \$122 per picul. Ramie Fibre closed at \$280 per picul; with Japanese buying interest Hunan Ramie, white, sold at \$283 per picul. Aniseed Star, with low stocks was firm at \$160 per picul for 1st quality and \$155 for 2nd qual.

shipments to the U.S. (The monthly average for 1950 is given in brackets). All values are in U.S. dollar millions.

	Exports		Imports	
	1951 Jan.	1950 average	1951 Jan.	1950 average
	\$	\$	\$	\$
India	31.7	(21.6)	24.6	(17.7)
Malaya	54.6	(26.7)	4.2	(1.6)
Indonesia	33.6	(13.1)	8.9	(6.5)
Japan	17.5	(15.2)	38.9	(34.8)
Philippines	21.6	(21.6)	19.6	(19.6)
Thailand	16.3	(6.3)	2.9	(2.1)
Indochina (incl. French India) ..	8.5	(0.9)	1.0	(0.7)
Formosa	0.3	(0.3)	2.6	(2.0)
Burma	0.1	(0.1)	0.3	(0.1)
Australia	12.2	(11.8)	11.2	(8.4)
New Zealand ..	8.7	(5.4)	2.9	(2.2)

HONGKONG'S PRINCIPAL TRADING PARTNERS

For December 1950

On the pages following are given details of Hongkong's trade with various countries during December 1950, and below is an outline of this trade with certain countries. (For November figures refer to the Review of June 14, No. 24).

Values are in Hongkong dollar millions (£ equals HK\$16, US\$ equals \$5.80). Imports refer to imports into Hongkong and exports to goods despatched abroad. Figures in brackets refer to November trade.

United Kingdom

	Dec.	Nov.
	\$	\$
Imports	32.18	(35.95)
Exports	13.96	(13.10)
Import Excess	18.22	(22.85)

Main imports: chemical & pharmaceutical products \$5.55 (Nov. \$7.62); dyeing, tanning & colouring substances \$2.29 (\$2.36); yarns & threads \$1.48 (\$2.2); textile fabrics & small wares \$3.32 (\$3.96); iron & steel \$3.6 (\$3.57); manufactures of base metals \$1.43 (\$1.78); machinery \$2.55 (\$2.47); electrical machinery \$2.53, vehicles & transport equipment \$1.46 (\$1.45).

Main exports: vegetable oils \$2.19 (\$2.65); chemicals & pharmaceuticals \$3.31 (\$1.91); textile fabrics & small wares \$1.98 (\$1.91); clothing & underwear of textile materials \$2.03 (\$1.84); miscellaneous crude or simply prepared products \$1.75 (\$1.33).

Exports of silver were valued at \$1.88 (Nil).

China, Central

	20.37	(17.16)
Imports	22.30	(34.14)
Exports	1.93	(16.98)

Main imports: sugar \$14.33 (\$11.57); fruits & nuts \$1.07 (\$459,000); textile fabrics & small wares \$933,600 (\$1.56).

Main exports: textile fabrics & small wares \$3.72 (\$5.55); fertilizers \$2.16 (\$3.07); vegetables \$1.7 (\$3.21); fishery products \$1.42 (\$972,000); chemicals & pharmaceuticals \$1.74 (\$3.25).

China, North

	33.60	(27.88)
Imports	92.53	(102.85)
Exports	58.93	(74.97)

Main imports: Oil-seeds, nuts & kernels \$10.7 (\$7.45); vegetables \$2.27 (\$3.75); vegetable oils \$1.98 (\$3.76); manufactured products of cereals \$1.52 (\$847,000); fruits & nuts \$1.15 (\$837,600); chemicals & pharmaceuticals \$2.55 (\$1.45); textile fabrics & small wares \$3.22 (\$1.93); products for heating, lighting & power \$1.43 (\$411,000); miscel. crude or simply prepared products \$2.02 (\$1.82); yarns & threads \$918,500 (\$523,900).

Main exports: rubber \$36.96 (\$37.34); textile fabrics & small wares \$7.44 (\$1.93); textile materials, raw or simply prepared \$3.1 (\$2.57); made-up articles of textile materials, other than clothing \$892,500 (\$2.27); iron & steel \$8.56 (\$9.86); paper \$1.42 (\$345,000); machinery \$3.16 (\$4.04); electrical machinery \$1.98 (\$1.25); vehicles \$2.31 (\$2.04); non-fer-

rous base metals \$1.43 (\$1.31); manufactures of base metals \$1.1 (\$2.07); chemicals & pharmaceuticals \$13.84 (\$3.25); dyes \$6 (\$871,000).

China, South

	43.57	(41.83)
Imports	62.56	(61.45)
Exports	18.99	(19.62)

Main imports: live animals \$3.44 (\$4.21); eggs \$2.46 (\$2.08); cereals \$4.48 (\$5.74); vegetables \$1.36 (\$2.43); oilseeds, nuts & kernels \$1.68 (\$2.15); vegetable oils \$14.36 (\$7.63); wood \$1.65 (\$1.6); textile materials, raw or simply prepared \$2 (\$3.37); miscel. crude or simply prepared products \$5.29 (\$4.86); manufactured articles \$1.23 (\$1.53).

Main exports: chemicals & pharmaceuticals \$10.46 (\$12.04); dyes \$5.17 (\$7.26); rubber \$17.19 (\$14.49); paper \$1.41 (\$239,600); made-up articles of textile materials other than clothing \$2.51 (\$871,000); non-metallic minerals \$956,800 (\$1.48); iron & steel \$10.6 (\$9.26); non-ferrous base metals \$1.24 (\$1.32); manufactures of base metals \$1.33 (\$1.24); machinery \$1.39 (\$1.68); electrical machinery \$2.69 (\$1.95); vehicles \$2.65 (\$2.24); manuf. articles \$2.34 (\$1.34).

Macao

	8.68	(11.51)
Imports	14.17	(16.21)
Exports	5.49	(4.70)

Main imports: manufactured articles \$1.64 (\$3.62); fishery products \$893,500 (\$932,600); vegetables \$618,000 (\$616,000).

Main exports: chemicals & pharmaceuticals \$3.04 (\$2.93); paper \$621,400 (\$524,000); products for heating & lighting \$630,000 (\$1.17); sugar \$840,500 (\$524,600). Imports of silver amounted to \$175,600 (\$287,000).

Malaya

	43.60	(75.88)
Imports	79.70	(77.19)
Exports	36.10	(1.31)

Main imports: rubber \$35.65 (\$59.15); textile fabrics & small wares \$1.59 (\$5.79); vegetable oils \$775,000 (\$916,500); vehicles \$786,500 (\$805,900).

Main exports: eggs \$1.28 (\$1); meat \$1.33 (\$481,000); fishery products \$3.56 (\$5.22); fruits & nuts \$2.6 (\$1.93); vegetables \$4.26 (\$4.2); sugar \$2.67 (\$2.68); chemicals & pharmaceuticals \$1.43 (\$1.23); dyes \$918,000 (\$485,000); paper \$2.73 (\$1.91); textile fabrics & small wares \$16.46 (\$14.5); clothing & underwear of textile materials \$11.13 (\$11.3); made-up articles of textile materials \$1.12 (\$2.05); manufactures of base metals \$4.11 (\$3.24); machinery \$1.09; miscel. crude or simply prepared products \$2.72 (\$2.6); manufactured articles \$13.77 (\$12.9).

Japan

	55.63	(49.14)
Imports	8.53	(16.15)
Export Excess	47.10	(32.99)

Main imports: fishery products \$4.34 (\$2.62); chemicals & pharmaceuticals \$1.04 (\$1.41); dyes \$2.56 (\$2.76); paper \$3.92 (\$3.18); textile fabrics & small

wares \$22.78 (\$14.18); clothing & underwear of textile materials \$1.53 (\$1.19); non-metallic minerals \$1.42 (\$1.82); iron & steel \$8.21 (\$7.64); manufactures of base metals \$1.51 (\$848,000); machinery \$1.4 (\$1.3); manufactured articles \$1.85 (\$1.45).

Main exports: textile materials, raw or simply prepared \$1.33 (\$2.01); textile fabrics & small wares \$1.98 (\$5.49); manufactures of base metals \$1.08 (\$1.63).

Indonesia

	7.43	(7.68)
Imports	13.21	(13.20)
Export Excess	5.78	(5.52)

Main imports: rubber \$1.99 (\$307,000); products for heating & lighting \$3.99 (\$5.67); miscel. crude or simply prepared products \$833,300 (\$571,000).

Main exports: textile fabrics & small wares \$3.33 (\$3.14); clothing & underwear of textile materials \$2.42 (\$2.55); manufactures of base metals \$2.51 (\$1.95).

U. S. A.

	75.55	(54.54)
Imports	20.09	(25.51)
Import Excess	55.46	(29.03)

Main imports: fishery products \$3.01 (\$2.89); manuf. products of cereals \$1.62 (\$302,000); fruits & nuts \$2.9 (\$2.41); tobacco \$2.29 (\$3.69); chemicals & pharmaceuticals \$25.87 (\$16); dyes \$4.57 (\$2.82); essential oils, cosmetics, etc. \$1.28 (\$720,000); fertilizers \$1 (\$1.38); paper \$991,000 (\$866,000); textile materials, raw or simply prepared \$2.68 (\$268,000); textile fabrics & small wares \$3.59 (\$1.84); clothing & underwear of textile materials \$969,500 (\$574,000); products for heating & lighting, lubricants \$1.93 (\$1.61); iron & steel \$3.59 (\$3.26); manufactures of base metals \$2.22 (\$867,000); machinery \$1.94 (\$2.29); electrical machinery \$1.57 (\$1.14); vehicles etc. \$1.25 (\$1.38); miscel. crude or simply prepared products \$1.05 (\$1.06); manufactured articles \$6.15 (\$5.99).

Main exports: vegetable oils \$7.08 (\$6.58); textile fabrics & small wares \$1.73 (\$2.53); textile materials, raw or simply prepared \$883,900 (\$1.12); miscel. crude or simply prepared products \$5.37 (\$5.54); manufactured articles \$1.13 (\$3.75).

OTHER COUNTRIES

The salient features of Hongkong's trade with some other countries not included in the accompanying tables are given below:

Czechoslovakia. Imports \$1.94 (\$475,400); exports Nil. Main imports: dyes \$970,900 (Nil); paper \$322,800 (\$4,500); chemicals & pharmaceuticals \$284,700 (\$140,900).

Netherlands. Imports \$10.28 (\$5.85); exports \$1.29 (\$5.79). Main imports: dairy products \$2.9 (\$1.27); sugar \$1.89 (\$607,000); chemicals & pharmaceuticals \$1.72 (\$833,000); non-ferrous base metals \$802,000 (Nil). Main exports: footwear \$317,600 (Nil); oilseeds, nuts & kernels \$294,000 (\$420,400).

Switzerland. Imports \$6.62 (\$8.79); exports \$293,000 (\$291,700). Main imports: manufactured articles \$4.42 (\$5.6); dyes \$936,000 (\$904,800); chemicals & pharmaceuticals \$755,400 (\$1.87). Main exports: vegetable oils \$631,000 (\$124,000).

HONGKONG'S PRINCIPAL TRADING PARTNERS

TOTAL VALUES OF IMPORTS & EXPORTS BY COUNTRIES FOR THE
MONTH OF DECEMBER, 1950.

UNITED KINGDOM								
Articles	Imports \$	Exports \$						
Meat & Preparations thereof	52,170	50	Products for heating, lighting & power, lubricants & related products, n.e.s.	65,919	—	Footwear: boots, shoes and slippers	—	8,466
Dairy products, eggs and honey	78,505	—	Non-metallic minerals, crude or simply prepared, n.e.s.	190,054	—	textile materials other than clothing	—	75
Fishery products, for food	11,577	—	Pottery and other clay products	85,723	—	Glass and glassware	—	9,984
Manufactured products of cereals, chiefly for human food	305,155	—	Glass & glassware ..	39,356	17,000	Manufactures of base metals, n.e.s.	—	303,552
Fruits & nuts, except oil-nuts	45,089	—	Manufactures of non-metallic minerals, n.e.s.	264,666	—	Machinery, apparatus & appliances other than electrical, n.e.s.	—	475
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	42,429	248,175	Precious metals and precious tones, pearls and articles made of these materials	140,857	3,703	Electrical machinery, apparatus and appliances	—	22,320
Sugar & sugar confectioner y	308,399	—	Ores, slag, cinder ..	3,604,845	25,351	Miscellaneous crude or simply prepared products, n.e.s.	—	7,082
Coffee, tea, cocoa & preparations thereof; spices	816,981	407,262	Iron and steel	462,800	—	Manufactured articles, n.e.s.	—	76,945
Beverages & vinegars	479,796	—	Non-ferrous base metals	1,434,266	177,447	Total	102,370	1,047,710
Seeding stuffs for animals, n.e.s.	3,840	106,834	Manufactures of base metals, n.e.s.	2,550,397	—			
Tobacco	841,800	—	Machinery, apparatus and appliances other than electrical, n.e.s.	2,533,891	117,901			
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	11,420	2,189,767	Electrical machinery, apparatus and appliances	1,456,330	6,000			
Chemical elements & compounds; pharmaceutical products	5,549,065	3,313,569	Vehicles and transport equipment, n.e.s.	9,829	1,755,448			
Dyeing, tanning and colouring substances (not including crude materials)	2,287,748	5,450	Miscellaneous crude or simply prepared products, n.e.s.	802,302	257,940			
Essential oils, perfumery, cosmetics, soaps and related products	303,901	407,912	Manufactured articles, n.e.s.	32,176,202	13,957,708			
Rubber & manufactures thereof, n.e.s.	614,969	—	Total Merchandise ..	—	1,879,413			
Wood, cork & manufactures thereof ..	1,979	1,390	Gold and specie ..	32,176,202	15,837,321			
Pulp, paper & cardboard & manufactures thereof ..	690,908	2,850						
Hides and skins and leather	97,450	364,750						
Manufactures of leather, not including articles of clothing ..	24,745	—						
Furs, not made up ..	—	56,137						
Textile materials, raw or simply prepared ..	118,566	—						
Yarns and threads ..	1,479,548	—						
Textile fabrics and small wares	3,316,920	1,978,431						
Special and technical textile articles	399,351	—						
Clothing and underwear of textile materials; hats of all materials	525,444	2,032,372						
Clothing of leather & fur	4,697	—						
Footwear: boots, shoes and slippers	60,992	470,335						
Made-up articles of textile materials other than clothing ..	61,523	11,834						

INDIA		
Articles	Imports \$	Exports \$
Fishery products, for food	37,000	1,690
Manufactured products of cereals, chiefly for human food	—	1,380
Fruits & nuts, except oil-nuts	76,493	5,865
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	—	12,435
Tobacco	107,717	—
Oil-seeds, nuts and kernels	—	900
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	299,078	7,584
Chemical elements & compounds; pharmaceutical products ..	—	209,465
Dyeing, tanning and colouring substances (not including crude materials)	249,979	—
Essential oils, perfumery, cosmetics, soaps and related products	59,057	2,123
Rubber & manufactures thereof, n.e.s.	703,000	—
Wood, cork & manufactures thereof ..	129,430	—
Pulp, paper & cardboard & manufactures thereof	—	16,090
Textile materials, raw or simply prepared ..	108,061	1,267,269
Yarns and threads ..	13,643,988	—
Textile fabrics and small wares	2,023,464	112
Special and technical textile articles	336,891	—
Footwear: boots, shoes and slippers	1,944	—
Made-up articles of textile materials other than clothing ..	19,008	—
Products for heating, lighting & power, lubricants & related products, n.e.s.	307,112	—

CEYLON

Articles	Imports \$	Exports \$
Fruits & nuts, except oil-nuts	42,084	—
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	—	122,825
Coffee, tea, cocoa & preparations thereof; spices	46,109	—
Essential oils, perfumery, cosmetics, soaps and related products	6,000	829
Rubber & manufactures thereof, n.e.s.	—	1,000
Wood, cork & manufactures thereof ..	—	902
Manufactures of leather, not including articles of clothing ..	—	37,030
Textile materials, raw or simply prepared ..	8,177	—
Textile fabrics and small wares	—	288,353
Clothing and underwear of textile materials; hats of all materials	—	167,872

Manufactures of base metals, n.e.s.	500	661,453
Machinery, apparatus & appliances other than electrical, n.e.s.	—	31,850
Electrical machinery, apparatus and appliances	—	38,784
Miscellaneous crude or simply prepared products, n.e.s.	83,850	202,707
Manufactured articles, n.e.s.	2,987	6,173
Total	18,189,559	2,465,880

MALAYA (British)

Articles	Imports \$	Exports \$
Meat & Preparations thereof	425	1,333,243
Dairy products, eggs and honey	—	1,280,217
Fishery products, for food	148,569	3,566,339
Cereals	3,640	1,060
Manufactured products of cereals, chiefly for human food	—	761,648
Fruits & nuts, except oil-nuts	93,000	2,600,369
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	96,535	4,262,776
Sugar & sugar confectionery	—	2,672,965
Coffee, tea, cocoa & preparations thereof, spices	272,220	440,298
Beverages & vinegars	57,616	473,498
Feeding stuffs for animals, n.e.s.	—	403,012
Tobacco	—	559,847
Oil-seeds, nuts and kernels	—	707,576
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	774,978	334,149
Chemical elements & compounds; pharmaceutical products	218,340	1,433,450
Dyeing, tanning and colouring substances (not including crude materials)	159,182	918,039
Essential oils, perfumery, cosmetics, soaps and related products	202,360	403,005
Rubber & manufactures thereof, n.e.s.	35,655,149	3,418
Wood, cork & manufactures thereof	708,927	111,939
Pulp, paper & cardboard & manufactures thereof	96,279	2,731,016
Hides and skins and leather	203,489	42,100
Manufactures of leather, not including articles of clothing	400	716,746
Textile materials, raw or simply prepared	422	44,000
Yarns and threads ..	326,080	302,405

Textile fabrics and small wares	1,593,269	16,455,912
Special and technical textile articles	29,945	470,104
Clothing and underwear of textile materials; hats of all materials	2,286	11,126,879
Footwear: boots, shoes and slippers ..	34,277	85,928
Made-up articles of textile materials other than clothing	183,000	1,122,650
Products for heating, lighting & power, lubricants & related products, n.e.s.	186,448	31,628
Non-metallic minerals, crude or simply prepared, n.e.s.	17,850	558,406
Pottery and other clay products	—	257,418
Glass and glassware	—	626,130
Manufactures of non-metallic minerals, n.e.s.	38,719	57,786
Precious metals and precious tones, pearls and articles made of these materials	—	213,613
Iron and steel	197,896	115,347
Non-ferrous base metals	586,071	7,821
Manufactures of base metals, n.e.s.	128,538	4,111,993
Machinery, apparatus and appliances other than electrical, n.e.s.	33,121	1,089,427
Electrical machinery, apparatus and appliances	42,685	526,242
Vehicles and transport equipment, n.e.s.	786,504	249,291
Miscellaneous crude or simply prepared products, n.e.s.	694,966	2,720,756
Manufactured articles, n.e.s.	26,285	13,771,324
Total	43,599,371	79,701,770

NORTH BORNEO (British)

Articles	Imports \$	Exports \$
Meat & Preparations thereof	—	40,482
Dairy products, eggs and honey	—	3,736
Fishery products, for food	23,407	7,534
Cereals	—	180
Manufactured products of cereals, chiefly for human food	—	6,382
Fruits & nuts, except oil-nuts	55,020	9,544
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	7,200	22,111
Sugar & sugar confectionery	—	9,378
Coffee, tea, cocoa & preparations thereof, spices	—	680

Beverages & vinegars ..	—	78,604
Feeding stuffs for animals, n.e.s.	—	594
Tobacco	—	68,800
Oil-seeds, nuts and kernels	—	2,752
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	—	7,634
Chemical elements & compounds; pharmaceutical products	2,112	13,166
Dyeing, tanning and colouring substances (not including crude materials)	—	6,381
Essential oils, perfumery, cosmetics, Soaps and related products	—	12,646
Rubber & manufactures thereof, n.e.s.	276,701	—
Wood, cork & manufactures thereof ..	1,089,895	5,460
Pulp, paper & cardboard & manufactures thereof	—	25,816
Manufactures of leather, not including articles of clothing	—	36,209
Textile materials, raw or simply prepared ..	—	232
Textile fabrics and small wares	—	120,211
Special and technical textile articles	—	10,624
Clothing and underwear of textile materials; hats of all materials	—	80,975
Footwear: boots, shoes and slippers	—	4,294
Made-up articles of textile materials other than clothing	—	27,584
Products for heating, lighting & power, lubricants & related products, n.e.s.	—	1,563
Non-metallic minerals, crude or simply prepared, n.e.s.	—	92,452
Pottery and other clay products	—	3,914
Glass & glassware ..	800	9,535
Manufactures of non-metallic minerals, n.e.s.	—	3,302
Iron and steel	—	30,605
Manufactures of base metals, n.e.s.	—	43,570
Machinery, apparatus and appliances other than electrical, n.e.s.	—	42,788
Electrical machinery, apparatus and appliances	—	1,672
Vehicles and transport equipment, n.e.s.	—	54,630
Miscellaneous crude or simply prepared products, n.e.s.	9,660	12,016
Manufactured articles, n.e.s.	—	57,308
Total Merchandise ..	1,464,795	955,364
Gold and specie ..	—	64,332
Grand Total	1,464,795	1,019,696

PAKISTAN								
Articles	Imports	Exports	Articles	Imports	Exports	Articles	Imports	Exports
	\$	\$		\$	\$		\$	\$
Fishery products, for food	209,287	—	tures thereof, n.e.s. —	370	(not including crude materials)	153,249	661,842	
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s.	—	3,200	Wood, cork & manufactures thereof ...	—	270	Essential oils, perfumery, cosmetics, Soaps and related products	426,916	107,831
Chemical elements & compounds; pharmaceutical products	—	39,613	Pulp, paper & cardboard & manufactures thereof	—	52,841	Fertilizers	—	2,158,914
Dyeing, tanning and colouring substances (not including crude materials)	—	9,975	Textile materials, raw or simply prepared	2,470,662	—	Rubber & manufactures thereof, n.e.s.	10,800	592,277
Essential oils, perfumery, cosmetics, soaps and related products	—	25,404	Yarns and threads ..	—	9,278	Wood, cork & manufactures thereof ..	37,438	492,749
Pulp, paper & cardboard & manufactures thereof	—	9,716	Textile fabrics and small wares	—	12,118	Pulp, paper & cardboard & manufactures thereof	213,615	362,335
Textile materials, raw or simply prepared	8,961,821	101,616	Clothing and underwear of textile materials; hats of all materials	—	23,535	Hides and skins and leather	17,140	224,255
Yarns and threads ..	—	5,052,260	Footwear: boots, shoes and slippers	—	4,503	Manufactures of leather, not including articles of clothing	—	5,318
Textile fabrics and small wares	—	500,652	Pottery and other clay products	—	10,179	Textile materials, raw or simply prepared ..	42,315	405,390
Clothing and underwear of textile materials; hats of all materials	—	169,920	Glass & glassware ..	—	5,690	Yarns and threads ..	—	234,229
Footwear: boots, shoes and slippers	—	793	Manufactures of base metals, n.e.s.	—	54,200	Textile fabrics and small wares	933,656	3,717,062
Pottery and other clay products	—	32,000	Machinery, apparatus and appliances other than electrical, n.e.s.	—	3,750	Special and technical textile articles	90,739	170,745
Glass & glassware ..	—	3,002	Electrical machinery, apparatus and appliances	—	6,630	Clothing and underwear of textile materials; hats of all materials	29,900	132,048
Manufactures of base metals, n.e.s.	—	350,497	Vehicles and transport equipment, n.e.s.	—	9,655	Footwear: boots, shoes and slippers	—	117,843
Electrical machinery, apparatus and appliances	—	1,630	Miscellaneous crude products, n.e.s.	—	40,252	Made-up articles of textile materials other than clothing	35,578	132,634
Miscellaneous crude or simply prepared products, n.e.s.	30,500	44,115	Manufactured articles, n.e.s.	2,002	55,695	Products for heating, lighting & power, lubricants & related products, n.e.s. ..	53,339	264,546
Manufactured articles, n.e.s.	—	1,999,025	Total	2,472,664	517,745	Non-metallic minerals, crude or simply prepared, n.e.s.	44	257,580
Total	9,201,608	8,343,618				Pottery and other clay products	150,820	52,297
BURMA			CHINA, CENTRAL			Glass & glassware ..	880	63,084
Articles	Imports	Exports	Articles	Imports	Exports	Manufactures of non-metallic minerals, n.e.s.	1,700	55,944
	\$	\$		\$	\$	Ores, slag, cinder ..	55,000	—
Fishery products, for food	—	22,270	Live animals, chiefly food	12,377	60	Iron and steel	—	414,466
Manufactured products of cereals, chiefly for human food	—	10,937	Meat & Preparations thereof	2,450	64,511	Non-ferrous base metals, n.e.s.	200,000	226,732
Fruits & nuts, except oil-nuts	—	3,720	Dairy products, eggs and honey	196,288	450,025	Manufactures of base metals, n.e.s.	31,692	457,699
Sugar & sugar confectionery	—	36,000	Fishery products, for food	39,023	1,425,204	Machinery, apparatus and appliances other than electrical, n.e.s.	—	93,496
Coffee, tea, cocoa & preparations thereof; spices	—	2,260	Manufactured products of cereals, chiefly for human food	—	680,875	Electrical machinery, apparatus and appliances	1,215	353,788
Beverages & vinegars	—	18,800	Fruits & nuts, except oil-nuts	1,071,136	113,737	Vehicles and transport equipment, n.e.s.	—	164,255
Tobacco	—	20,042	Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	493,823	1,703,317	Miscellaneous crude or simply prepared products, n.e.s. ..	387,163	265,843
Chemical elements & compounds; pharmaceutical products	—	53,890	Sugar & sugar confectionery ..	14,385,009	60,657	Manufactured articles, n.e.s.	79,046	472,729
Dyeing, tanning and colouring substances (not including crude materials)	—	44,154	Coffee tea, cocoa & preparations thereof; spices	363,138	131,385	Total	20,387,494	22,303,269
Essential oils, perfumery, cosmetics, soaps and related products	—	16,906	Beverages & vinegars ..	69,362	29,981			
Rubber & manufactures thereof, n.e.s.	—	—	Feeding stuffs for animals, n.e.s.	15,620	930,597	CHINA, NORTH		
			Tobacco	—	930,108	Articles	Imports	Exports
			Oil-seeds, nuts and kernels	163,687	498,897		\$	\$
			Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s. ..	458,646	884,004	Meat & Preparations thereof	127,213	—
			Chemical elements & compounds; pharmaceutical products ..	144,690	1,741,075	Dairy products, eggs and honey	622,610	—
			Dyeing, tanning and colouring substances	—	—	Fishery products, for food	54,736	—
						Cereals	11,000	—

Manufactured products of cereals, chiefly for human food	1,522,806	143,871	Precious metals and precious stones, pearls and articles made of these materials	15,907	—	Wood, cork & manufactures thereof ..	1,648,243	75,470
Fruits & nuts, except oil-nuts	1,152,871	—	Ores, slag, cinder ..	—	165,000	Pulp, paper & cardboard & manufactures thereof	681,073	1,410,811
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	2,266,171	—	Iron and steel	—	8,556,018	Hides and skins and leather	107,404	—
Sugar & sugar confectionery	600	522,935	Non-ferrous base metals	—	1,431,025	Manufactures of leather, not including articles of clothing ..	7,439	40,954
Coffee, tea, cocoa & preparations thereof; spices	22,156	—	Manufactures of base metals, n.e.s.	722,736	1,103,145	Textile materials, raw or simply prepared ..	2,000,731	104,566
Beverages & vinegars ..	470,700	5,588	Machinery, apparatus and appliances other than electrical, n.e.s.	95,195	3,161,529	Yarns and threads ..	699,840	179,554
Feeding stuffs for animals, n.e.s.	105,950	—	Electrical machinery, apparatus and appliances	86,315	1,978,213	Textile fabrics and small wares	331,494	1,670
Oil-seeds, nuts and kernels	10,699,834	—	Vehicles and transport equipment, n.e.s.	—	2,310,265	Special and technical textile articles	43,058	194,382
Animal & vegetable oils, fats, greases & waxes & their manufactures, n.e.s.	1,976,252	364,570	Miscellaneous crude or simply prepared products, n.e.s.	2,020,877	568,896	Clothing and underwear of textile materials; hats of all materials	32,026	3,000
Chemical elements & compounds; pharmaceutical products ..	2,545,213	13,842,369	Manufactured articles, n.e.s.	788,709	885,933	Footwear: boots, shoes and slippers	2,345	175
Dyeing, tanning and colouring substances (not including crude materials)	15,189	5,998,051	Total	33,604,446	92,526,390	Made-up articles of textile materials other than clothing ..	152,426	2,513,857
Essential oils, perfumery, cosmetics, soaps and related products	699,990	—	CHINA, SOUTH			Products for heating, lighting & power, lubricants & related products, n.e.s.	1,400	937,089
Fertilizers	—	178,665	Articles	Imports	Exports	Non-metallic minerals, crude or simply prepared, n.e.s.	22,250	956,846
Rubber & manufactures thereof, n.e.s.	—	36,962,914		\$	\$	Pottery and other clay products	62,205	81,624
Wood, cork & manufactures thereof ..	105,140	123,300	Live animals, chiefly food	3,444,346	—	Glass & glassware ..	585	8,174
Pulp, paper & cardboard & manufactures thereof	212,210	1,418,625	Meat & Preparations thereof	605,317	—	Manufactures of non-metallic minerals, n.e.s.	3,550	80,755
Hides and skins and leather	163,054	—	Dairy products, eggs and honey	2,457,210	1,962	Precious metals and precious stones, pearls and articles made of these materials	—	9,660
Furs, not made up ..	61,854	—	Fishery products, for food	354,054	2,500	Ores, slag, cinder ..	—	102,900
Textile materials, raw or simply prepared ..	605,894	2,100,468	Cereals	4,483,934	—	Iron and steel	—	10,602,382
Yarns and thread ..	918,469	477,920	Manufactured products of cereals, chiefly for human food	49,949	22,300	Non-ferrous base metals	—	1,245,176
Textile fabrics and small wares	3,222,499	7,442,087	Fruits & nuts, except oil-nuts	949,629	2,300	Manufactures of base metals, n.e.s.	23,283	1,328,501
Special and technical textile articles ..	—	189,955	Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	1,364,163	616	Machinery, apparatus and appliances other than electrical, n.e.s.	6,334	1,392,385
Clothing and underwear of textile materials; hats of all materials	641,686	—	Sugar & sugar confectionery	15,439	6,000	Electrical machinery, apparatus and appliances	3,500	2,695,463
Clothing of leather & fur	1,017	—	Coffee, tea, cocoa & preparations thereof; spices	395,188	19,000	Vehicles and transport equipment, n.e.s.	—	2,654,484
Footwear: boots, shoes and slippers	47,973	—	Beverages & vinegars ..	9,550	26,591	Miscellaneous crude or simply prepared products, n.e.s.	5,292,919	380,039
Made-up articles of textile materials other than clothing ..	104,349	892,501	Feeding stuffs for animals, n.e.s.	179,720	1,600	Manufactured articles, n.e.s.	1,226,182	2,339,479
Products for heating, lighting & power, lubricants & related products, n.e.s.	1,431,156	167,605	Oil-seeds, nuts and kernels	1,678,656	13,500	Total	43,569,116	62,562,217
Non-metallic minerals, crude or simply prepared, n.e.s.	—	109,928	Animal & vegetable oils, fats, greases & waxes & their manufactures, n.e.s.	14,358,477	4,577	GERMANY		
Pottery and other clay products ..	20,017	—	Chemical elements & compounds; pharmaceutical products ..	41,966	10,465,395	Articles	Imports	Exports
Glass & glassware ..	41,855	—	Dyeing, tanning and colouring substances (not including crude materials)	160,294	5,168,088		\$	\$
Manufactures of non-metallic minerals, n.e.s.	4,243	425,014	Essential oils, perfumery, cosmetics, soaps and related products	689,337	93,076	Dairy products, eggs and honey	—	450,300
			Fertilizers	2,585	204,405	Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	13,650	—
			Rubber & manufactures thereof, n.e.s.	1,005	17,190,911	Coffee, tea, cocoa & preparations thereof; spices	—	11,940

Beverages & vinegars	15,270	—	Oil-seeds, nuts and kerpels	—	294,046	preparations thereof; spices	31,000	81,809
Oil-seeds, nuts and kernels	—	115,674	Animal & vegetable oils, fats, grease & waxes & their manufactures, n.e.s.	150,238	—	Beverages & vinegars	—	941
Animal & vegetable oils, fats, grease & waxes & their manufactures, n.e.s.	2,720	490,539	Chemical elements & compounds; pharmaceutical products	1,723,472	—	Tobacco	—	9,764
Chemical elements & compounds; pharmaceutical products	1,623,866	67,062	Dyeing, tanning and colouring substances (not including crude materials)	349,654	—	Oil-seeds, nuts and kernels	96,444	—
Dyeing, tanning and colouring substances (not including crude materials)	1,220,234	—	Essential oils, perfumery, cosmetics, soaps and related products	31,958	—	Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	182,643	—
Essential oils, perfumery, cosmetics, soaps and related products	—	10,560	Fertilizers	450,810	—	Chemical elements & compounds; pharmaceutical products	4,477	17,291
Rubber & manufactures thereof, n.e.s.	208,380	—	Pulp, paper & cardboard & manufactures thereof	165,189	—	Dyeing, tanning and colouring substances (not including crude materials)	—	1,930
Pulp, paper & cardboard & manufactures thereof	48,298	—	Hides and skins and leather	220,712	18386	Essential oils, perfumery, cosmetics, soaps and related products	—	10,045
Hides and skins and leather	—	117,878	Textile fabrics and small wares	209,189	39,256	Fertilizers	20,250	—
Textile materials, raw or simply prepared	—	79,000	Clothing and underwear of textile materials; hats of all materials	1,281	46,400	Pulp, paper & cardboard & manufactures thereof	—	55,933
Textile fabrics and small wares	—	80	Footwear: boots, shoes and slippers	—	317,630	Hides and skins and leather	20,154	—
Pottery and other clay products	4,518	109	Products for heating, lighting & power, lubricants & related products, n.e.s.	109,135	—	Manufactures of leather, not including articles of clothing	—	225
Glass & glassware	50	—	Non-metallic minerals, crude or simply prepared, n.e.s.	19,642	—	Textile materials, raw or simply prepared	15,200	—
Iron and steel	457,927	—	Glass & glassware	4,993	—	Textile fabrics and small wares	—	130,000
Non-ferrous base metals	1,600	—	Iron and steel	410,060	—	Special and technical textile articles	—	7,283
Manufactures of base metals, n.e.s.	245,679	—	Non-ferrous base metals	801,960	114,540	Made-up articles of textile materials other than clothing	67,824	—
Machinery, apparatus & appliances other than electrical, n.e.s.	408,486	—	Manufactures of base metals, n.e.s.	29,352	—	Products for heating, lighting & power, lubricants & related products, n.e.s.	—	2,969
Electrical machinery, apparatus and appliances	45,890	—	Machinery, apparatus & appliances other than electrical, n.e.s.	23,810	—	Non-metallic minerals, crude or simply prepared, n.e.s.	32,500	—
Vehicles and transport equipment, n.e.s.	22,000	—	Electrical machinery, apparatus and appliances	163,224	15,100	Pottery and other clay products	—	28
Miscellaneous crude or simply prepared products, n.e.s.	—	568,891	Vehicles and transport equipment, n.e.s.	41,400	—	Glass & glassware	200	—
Manufactured articles, n.e.s.	692,699	120,896	Miscellaneous crude or simply prepared products, n.e.s.	2,100	63,121	Iron and steel	—	225
Total	5,011,267	2,032,929	Manufactured articles, n.e.s.	3,060	199,981	Non-ferrous base metals	143,248	2,760
			Total	10,283,638	1,290,377	Manufactures of base metals, n.e.s.	—	65

HOLLAND

Articles	Imports \$	Exports \$
Meat & preparations thereof	36,608	—
Dairy products, eggs and honey	2,897,959	—
Cereals	73,930	—
Manufactured products of cereals, chiefly for human food	20,841	—
Fruits & nuts, except oil-nuts	6,572	—
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	5,766	15,500
Sugar & sugar confectionery	1,888,430	—
Coffee, tea, cocoa & preparations thereof; spices	67,060	166,417
Beverages & vinegars	363,941	—
Tobacco	11,292	—

INDOCHINA

Articles	Imports \$	Exports \$
Fishery products, for food	333,122	78,088
Manufactured products of cereals, chiefly for human food	—	31,438
Fruits & nuts, except oil-nuts	2,740	164,696
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	6,810	143,203
Sugar and sugar confectionery	—	1,250
Coffee, tea, cocoa &		

preparations thereof; spices	31,000	81,809
Beverages & vinegars	—	941
Tobacco	—	9,764
Oil-seeds, nuts and kernels	96,444	—
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	182,643	—
Chemical elements & compounds; pharmaceutical products	4,477	17,291
Dyeing, tanning and colouring substances (not including crude materials)	—	1,930
Essential oils, perfumery, cosmetics, soaps and related products	—	10,045
Fertilizers	20,250	—
Pulp, paper & cardboard & manufactures thereof	—	55,933
Hides and skins and leather	20,154	—
Manufactures of leather, not including articles of clothing	—	225
Textile materials, raw or simply prepared	15,200	—
Textile fabrics and small wares	—	130,000
Special and technical textile articles	—	7,283
Made-up articles of textile materials other than clothing	67,824	—
Products for heating, lighting & power, lubricants & related products, n.e.s.	—	2,969
Non-metallic minerals, crude or simply prepared, n.e.s.	32,500	—
Pottery and other clay products	—	28
Glass & glassware	200	—
Iron and steel	—	225
Non-ferrous base metals	143,248	2,760
Manufactures of base metals, n.e.s.	—	65
Machinery, apparatus and appliances other than electrical, n.e.s.	—	439,380
Vehicles and transport equipment, n.e.s.	—	3,000
Miscellaneous crude or simply prepared products, n.e.s.	678,423	361,397
Manufactured articles, n.e.s.	—	33,286
Total	1,635,035	1,577,026

JAPAN

Articles	Imports \$	Exports \$
Meat & Preparations thereof	2,167	3,455
Dairy products, eggs and honey	—	316
Fishery products, for food	4,342,684	700
Manufactured products of cereals, chiefly for human food	—	3,180

Fruits & nuts, except oil-nuts	599,237	930	Non-ferrous base metals	452,252	—	Dyeing, tanning and colouring substances (not including crude materials)	73,295	416,194
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	434,885	—	Manufactures of base metals, n.e.s.	1,506,765	1,082,742	Essential oils, perfumery, cosmetics, Soaps and related products	5,314	304,777
Sugar & sugar confectionery	—	131,405	Machinery, apparatus and appliances other than electrical, n.e.s.	1,399,031	51,566	Fertilizers	13,966	435,340
Coffee, tea, cocoa & preparations thereof, spices	420,658	880	Electrical machinery, apparatus and appliances	104,855	9,790	Rubber & manufactures thereof, n.e.s.	22,827	190,709
Beverages & vinegars	81,900	137,467	Vehicles and transport equipment, n.e.s.	112,022	97,644	Wood, cork & manufactures thereof ..	417,640	344,623
Tobacco	—	3,959	Miscellaneous crude or simply prepared products, n.e.s.	88,278	94,592	Pulp, paper & cardboard & manufactures thereof	140,034	621,424
Oil-seeds, nuts and kernels	—	230,850	Manufactured articles, n.e.s.	1,849,824	423,523	Hides and skins and leather	180,016	56,794
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	—	12,795	Total	55,632,985	8,528,477	Manufactures of leather, not including articles of clothing ..	—	6,428
Chemical elements & compounds; pharmaceutical products	1,040,256	9,235	KOREA, SOUTH			Textile materials, raw or simply prepared ..	390,090	8,151
Dyeing, tanning and colouring substances (not including crude materials)	2,555,686	121,507	Articles	Imports	Exports	Yarns and threads ..	5,700	76,623
Essential oils, perfumery, cosmetics, Soaps and related products	—	585		\$	\$	Textile fabrics and small wares	384,078	611,689
Fertilizers	112,700	—	Chemical elements & compounds; pharmaceutical products ..	—	103,508	Special and technical textile articles	25,025	31,429
Rubber & manufactures thereof, n.e.s.	675,394	4,290	Pulp, paper & cardboard & manufactures thereof	—	57,150	Clothing and underwear of textile materials; hats of all materials	30,480	327,585
Wood, cork & manufactures thereof ..	200,572	58,245	Yarns and threads ..	—	31,300	Clothing of leather & fur	—	690
Pulp, paper & cardboard & manufactures thereof	3,924,328	25,132	Textile fabrics and small wares	—	56,893	Footwear: boots, shoes and slippers	460	111,278
Hides and skins and leather	—	830,496	Total	—	248,851	Made-up articles of textile materials other than clothing ..	104,253	360,713
Manufactures of leather, not including articles of clothing ..	6,540	15,912	MACAO			Products for heating, lighting & power, lubricants & related products, n.e.s.	18,340	630,284
Textile materials, raw or simply prepared ..	486,608	1,332,121	Articles	Imports	Exports	Non-metallic minerals, crude or simply prepared, n.e.s.	3,732	144,736
Yarns and threads ..	65,623	212,593		\$	\$	Pottery and other clay products	609	58,546
Textile fabrics and small wares	22,783,078	1,978,674	Live animals, chiefly for food	122,048	—	Glass & glassware ..	5,776	43,339
Special and technical textile articles ..	136,288	—	Meat & Preparations thereof	415,081	7,132	Manufactures of non-metallic minerals, n.e.s.	18,187	30,873
Clothing and underwear of textile materials; hats of all materials	1,532,012	510,982	Dairy products, eggs and honey	580,451	487,331	Ores, slag, cinder ..	5,400	—
Footwear: boots, shoes and slippers	—	98,555	Fishery products, for food	893,491	241,881	Iron and steel	20,653	378,355
Made-up articles of textile materials other than clothing ..	303,875	1,624	Cereals	194,036	5,228	Non-ferrous base metals	97,060	127,459
Products for heating, lighting & power, lubricants & related products n.e.s.	—	139,030	Manufactured products of cereals, chiefly for human food	7,727	546,032	Manufactures of base metals, n.e.s.	61,710	471,387
Non-metallic minerals, crude or simply prepared, n.e.s.	1,420,264	83,800	Fruits & nuts, except oil-nuts	522,500	317,768	Machinery, apparatus and appliances other than electricals, n.e.s.	10,440	173,733
Pottery and other clay products ..	436,544	32,688	Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	618,082	173,689	Electrical machinery, apparatus and appliances	48,548	179,492
Glass & glassware ..	281,996	120	Sugar & sugar confectionery	9,430	840,470	Vehicles and transport equipment, n.e.s.	34,862	158,786
Manufactures of non-metallic minerals, n.e.s.	25,883	—	Coffee, tea, cocoa & preparations thereof, spices	96,032	85,938	Miscellaneous crude or simply prepared products, n.e.s.	467,429	219,932
Precious metals and precious stones, pearls and articles made of these materials	35,680	10,935	Beverages & vinegars	412,423	209,285	Manufactured articles, n.e.s.	1,635,549	507,762
Ores, slag, cinder ..	—	693,387	Feeding stuffs for animals, n.e.s.	777	1,013	Total Merchandise ..	8,682,133	14,167,642
Iron and steel	8,215,100	82,771	Tobacco	47,925	620,055	Gold and specie ..	175,615	—
			Oil-seeds, nuts and kernels	99,834	316,625	Grand Total	8,857,748	14,167,642
			Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	3,693	240,964			
			Chemical elements & compounds; pharmaceutical products ..	437,130	3,045,100			

PHILIPPINES

Articles	Imports \$	Exports \$							
Live animals, chiefly food	—	1,610	Glass & glassware ..	—	4,020	Hides and skins and leather	808,072	—	
Meat & Preparations thereof	—	311,607	Manufactures of non-metallic minerals, n.e.s.	—	1,140	Manufactures of leather, not including articles of clothing	—	9,801	
Dairy products, eggs and honey	—	575,169	Precious metals & precious stones, pearls & articles made of these materials	—	7,929	Textile materials, raw or simply prepared ..	259,416	1,500	
Fishery products, for food	6,000	138,125	Iron and steel	—	31,292	Yarns and threads ..	—	6,100	
Manufactured products of cereals, chiefly for human food	—	377,466	Manufactures of base metals, n.e.s.	—	563,267	Textile fabrics and small wares	—	1,494,590	
Fruits & nuts, except oil-nuts	11,500	579,285	Machinery, apparatus and appliances other than electricals, n.e.s.	—	81,852	Special and technical textiles articles ...	—	15,601	
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	—	476,881	Electrical machinery, apparatus and appliances	—	28,925	Clothing and underwear of textile materials; hats of all materials	—	228,614	
Sugar & sugar confectionery	540,006	113,030	Vehicles and transport equipment, n.e.s.	—	445	Footwear: boots shoes and slippers	—	7,409	
Coffee, tea, cocoa & preparations thereof; spices	—	278,197	Miscellaneous crude or simply prepared products, n.e.s.	2,800	52,486	Made-up articles of textile materials other than clothing ..	—	85,335	
Beverages & vinegars	—	6,579	Manufactured articles, n.e.s.	4,524	238,946	Products for heating, lighting & power, lubricants & related products n.e.s.	—	433,136	
Feeding stuffs for animals, n.e.s.	—	140	Total	1,107,041	7,802,067	Non-metallic minerals, crude or simply prepared, n.e.s.	305,665	3,890	
Tobacco	90,600	252,980				Pottery and other clay products	—	17,288	
Oil-seeds, nuts and kernel	—	89,215				Glass & glassware ..	—	52,135	
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	13,660	23,186				Manufactures of non-metallic minerals, n.e.s.	—	410	
Chemical elements & compounds; pharmaceutical products	—	259,762				Precious metals and precious stones, pearls and articles made of these materials	15,025	283,567	
Dyeing, tanning and colouring substances (not including crude materials)	—	36,000				Iron and steel	—	2,700	
Essential oils, perfumery, cosmetics, Soaps and related products	—	15,732				Manufactures of base metals, n.e.s.	21,500	181,309	
Fertilizers	—	120				Machinery, apparatus and appliances other than electrical, n.e.s.	—	12,372	
Rubber & manufactures thereof, n.e.s.	—	25,200				Electrical machinery, apparatus and appliances	126	77,982	
Wood, cork & manufactures thereof ..	36,496	48,753				Vehicles and transport equipment, n.e.s.	—	745	
Pulp, paper & cardboard & manufactures thereof	2,250	248,761				Miscellaneous crude or simply prepared products, n.e.s.	200,317	158,731	
Manufactures of leather, not including articles of clothing ..	—	8,126				Manufactured articles, n.e.s.	5,900	323,767	
Textile materials, raw or simply prepared ..	386,889	—				Total Merchandise ..	8,838,833	4,842,335	
Yarns and threads ..	—	131,552				Gold and specie ..	—	16,000	
Textile fabrics and small wares	—	1,934,155				Grand Total	8,838,833	4,858,335	
Special and technical textile articles	—	4,312							
Clothing and underwear of textile materials; hats of all materials	—	627,042							
Footwear: boots, shoes and slippers	—	26,162							
Made-up articles of textile materials other than clothing ..	—	117,800							
Products for heating, lighting & power, lubricants & related products, n.e.s.	12,322	—							
Pottery and other clay products	—	84,838							

THAILAND

Articles	Imports \$	Exports \$
Meat & Preparations thereof	48,200	—
Dairy products, eggs and honey	—	4,000
Fishery products, for food	414,543	163,844
Cereals	4,801,400	504
Manufactured products of cereals, chiefly for human food	21,710	20,445
Fruits & nuts, except oil-nuts	4,230	158,228
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	108,234	214,970
Sugar & sugar confectionery	114,270	119,996
Coffee, tea, cocoa & preparations thereof; spices	21,400	54,400
Beverages & vinegars	—	24,427
Tobacco	—	948
Oil-seeds, nuts and kernels	162,005	700
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	421,257	4,900
Chemical elements & compounds; pharmaceutical products	42,002	227,792
Dyeing, tanning and colouring substances (not including crude materials)	—	298,093
Essential oils, perfumery, cosmetics, Soaps and related products	—	20,131
Rubber & manufactures thereof, n.e.s.	—	9,950
Wood, cork & manufactures thereof ..	1,063,561	9,902
Pulp, paper & cardboard & manufactures thereof	—	112,132

Articles	U. S. A. Imports \$	Exports \$
Meat & Preparations thereof	80,814	293,661
Dairy products, eggs and honey	983,415	59,960
Fishery products, for food	3,007,609	382,035
Manufactured products of cereals, chiefly for human food	1,623,214	73,001
Fruits & nuts, except oil-nuts	2,903,355	305,968
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	500,869	676,361

Sugar & sugar confectionery	652,212	14,622	Precious metals and precious stones, pearls and articles made of these materials	172,236	65,213	Dyeing, tanning and colouring substances (not including crude materials)	—	157,239
Coffee, tea, cocoa & preparations thereof; spices	437,937	172,747	Iron and steel	3,592,258	16,250	Essential oils, perfumery, cosmetics, Soaps and related products	—	23,215
Beverages & vinegars	163,195	30,082	Non-ferrous base metals	82,369	328,614	Rubber & manufactures thereof, n.e.s.	1,993,946	2,120
Tobacco	2,296,040	1,570	Manufactures of base metals, n.e.s.	2,222,529	159,661	Wood, cork & manufactures thereof ..	91,000	2,896
Oil-seeds, nuts and kernels	—	41,564	Machinery, apparatus and appliances other than electrical, n.e.s.	1,941,870	—	Pulp, paper & cardboard & manufactures thereof	—	879,089
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	19,840	7,080,944	Electrical machinery, apparatus and appliances	1,568,908	7,960	Hides and skins and leather	14,500	—
Chemical elements & compounds; pharmaceutical products	25,873,651	396,442	Vehicles and transport equipment, n.e.s.	1,245,436	—	Manufactures of leather, not including articles of clothing	—	480
Dyeing, tanning and colouring substances (not including crude materials)	4,566,011	1,680	Miscellaneous crude or simply prepared products, n.e.s.	1,047,318	5,374,228	Textile materials, raw or simply prepared ..	—	24,042
Essential oils, perfumery, cosmetics, Soaps and related products	1,285,061	382,604	Manufactured articles, n.e.s.	6,151,950	1,130,340	Yarns & threads ..	—	913,916
Fertilizers	1,004,237	—	Total Merchandise ..	75,554,362	20,092,515	Textile fabrics and small wares	—	3,325,856
Rubber & manufactures thereof, n.e.s.	252,296	830	Gold and specie ..	—	187,320	Special and technical textile articles	—	1,881
Wood, cork & manufactures thereof ..	108,248	55,287	Grand Total	75,554,362	20,279,835	Clothing and underwear of textile materials; hats of all materials	—	2,420,274
Pulp, paper & cardboard & manufactures thereof	990,826	9,320	INDONESIA			Footwear: boots, shoes and slippers	—	3,420
Hides and skins and leather	326,911	150,438	Articles	Imports	Exports	Made-up articles of textile materials other than clothing	—	163,712
Manufactures of leather, not including articles of clothing ..	29,988	610	Meat & Preparations thereof	—	8,323	Products for heating, lighting & power, lubricants & related products, n.e.s.	3,993,122	350
Furs, not made up ..	—	1,994	Fishery products, for food	44,100	110,050	Non-metallic minerals, crude or simply prepared, n.e.s.	71,150	9,800
Textile materials, raw or simply prepared ..	2,677,946	883,945	Manufactured products of cereals, chiefly for human food	—	100,630	Pottery and other clay products	—	103,184
Textile fabrics and small wares	3,585,784	1,725,793	Fruits & nuts, except oil-nuts	2,400	55,147	Glass & glassware ..	—	280,649
Special and technical textile articles	263,509	796	Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	71,419	181,346	Manufactures of non-metallic minerals, n.e.s.	—	3,521
Clothing and underwear of textile materials; hats of all materials	969,517	91,041	Sugar & sugar confectionery	—	2,584	Manufactures of base metals, n.e.s.	—	2,508,925
Clothing of leather & fur	7,700	—	Coffee, tea, cocoa & preparations thereof; spices	—	237,664	Machinery, apparatus and appliances other than electrical, n.e.s.	—	46,190
Footwear: boots, shoes and slippers	38,958	56,949	Beverages & vinegars ..	—	25,562	Electrical machinery, apparatus and appliances	—	236,071
Made-up articles of textile materials other than clothing ..	35,004	1,872	Feeding stuffs for animals, n.e.s.	—	180	Vehicles and transport equipment, n.e.s.	—	21,041
Products for heating, lighting & power, lubricants & related products, n.e.s.	1,931,247	959	Tobacco	—	7,420	Miscellaneous crude or simply prepared products, n.e.s.	833,278	162,500
Non-metallic minerals, crude or simply prepared, n.e.s.	36,888	—	Oil-seeds, nuts and kernels	—	1,120	Manufactured articles, n.e.s.	—	958,453
Pottery and other clay products	14,003	108,930	Animal & vegetable oil, fats, greases & waxes & their manufactures, n.e.s.	—	110	Total	7,427,048	13,207,006
Glass & glassware ..	507,450	8,207	Chemical elements & compounds; pharmaceutical products ..	312,133	228,048			
Manufactures of non-metallic minerals, n.e.s.	355,753	35						